



Comprehensive Annual Financial Report For the Year Ended September 30, 2013

Department of Administration
Finance Division

Mayor Chokwe Lumumba

CITY OF JACKSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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INTRODUCTION SECTION



April 30, 2014

**Honorable Mayor, Members of the City Council, and
Citizens of the City of Jackson, Mississippi:**

A requirement of Mississippi law is that local governments annually publish audited financial statements. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013 for the City of Jackson, MS is submitted herewith.

An unmodified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2013. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Banks, Finley & White Co.

The dedicated and professional staff of the Finance Division, Department of Administration, prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP). We maintain that the data is accurate in all material aspects and is presented in a manner designed to set forth fairly the financial activities of the various funds of the local government. The responsibility for the accuracy of the data and the fairness and completeness of the presentation, including any disclosures necessary to enable the reader to gain an understanding of the fiscal affairs of the City, is entrusted to the administration of the local government. We further assert that the internal controls implemented provide reasonable assurance that the financial statements are free of any material misstatements.

All of the governmental activities and business-type activities of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission (component units of the city) are included in the 2013 CAFR. JRA and the Capital City Convention Center Commission are presented as a proprietary fund type within the CAFR because the City exercises significant oversight responsibility. The approval of JRA's administrative operating costs and appointments to its Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for its separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects. The Capital City Convention Center Commission is accountable as

a component unit of the City because of its fiscal dependency on the City of Jackson.

Four Proprietary Funds, which provide a variety of services on a fee-for-services basis, are among those funds whose financial operations are included in the CAFR. These Proprietary Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2013 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 3-11 be carefully examined by the reader to provide a more concise picture of the financial position of the City.

DESCRIPTION OF CITY OF JACKSON, MS

Historical Background

The City of Jackson, MS was founded in 1821 at the site of a trading post that was situated on a "high and handsome bluff" on the west bank of the Pearl River, which is located in the central region of the state. It is said that the trading post was operated by a French-Canadian trader named Louis LeFleur, who gave the town its original name of LeFleur's Bluff. The Mississippi Legislature wanted the seat of government moved out of the Natchez area and into a more central location. Thomas Hinds, James Patton and William Lattimore were then commissioned to locate the ideal site for the state capital. Their report to the General Assembly was that LeFleur's Bluff had "beautiful and healthful surroundings, good water, abundant timber, navigable waters, and nearness to the Natchez trace." A legislative act dated November 28, 1821 authorized the location to be the permanent seat of government and that it would be named Jackson in honor of Major General Andrew Jackson who later would become the seventh president of the United States. A \$3,500 contract was let to build Mississippi's first capitol, a two-story brick structure 40 feet by 30 feet, where the opening session was held on December 23, 1822. A second capitol building, popularly known as the "Old Capitol," was completed in 1840 and remained in use until 1903. The building, restored in 1961, has become Mississippi's Historical Museum. The New Capitol building, a magnificent structure patterned after the National Capitol, was completed in 1903.

During the Civil War, the town was ravaged and burned three times by Union troops under the command of General William Tecumseh Sherman. The destruction prompted the unwelcome nickname of "Chimneyville." Although less than 8,000 people lived in Jackson at the turn of the century, its population began accelerating rapidly after 1900.

Jackson Today

Presently, Jackson has 173,514 citizens within it radius of 113 square miles. Since 1985, the City of Jackson, MS operates under the mayor-council form of government. Prior to 1985, the commission form of government, which included a mayor and two commissioners elected at-large, was in place. Currently, the municipal government is comprised of the mayor, who is elected at large, and seven council members, who are elected by ward. The mayor and council members, who have policy-making and legislative authority, serve four-year terms. The Mayor appoints, and the City Council approves, the Chief Administrative Officer, City Attorney, and eight department heads. City leaders are committed to ensuring that the municipality has a healthy financial outlook while providing essential services.

A comprehensive range of municipal services including public safety, street maintenance, water, sewer, and sanitation services, social programs, recreation activities, cultural events and general administration are provided to Jackson's citizens. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of Jackson, MS. Youth Development, Public Safety, Economic & Cultural Development, Healthy Communities, Improving Government Service and Infrastructure, Transportation & Technology Enhancement were the policy initiatives for FY13.

The City of Jackson, MS is required to submit its municipal budget on an annual basis to the City Council for adoption on or before the fifteenth day of the last month in the fiscal year. A budget process, linking policy initiatives, services, and available resources, is utilized to develop the budget. As the primary financial planning and control document, the budget provides the foundation for City operations. The budget is crafted to include expenditures by fund: General, Special Revenue, Debt Service, Proprietary, Trust, and Capital; by department: Administration, General Government, Human & Cultural, Parks & Recreation, Police, Fire, Personnel, Public Works, and Planning; and by category: Personal Services, Supplies and Material, Other Services and Charges, and Capital Outlay. General Property Taxes, Licenses and Permits, Fines and Forfeitures, Intergovernmental, Admissions, Fees, Rentals, Interest, Other Revenues, and Operating Transfers are the categories that comprise the revenue budget. During the fiscal year, department heads may transfer resources within a department by following established guidelines. These transfers, along with other budget adjustments, are incorporated into Budget Revisions that must be approved by the City Council. The Executive Branch is afforded the opportunity to submit a maximum of three Budget Revisions to the City Council for approval within the fiscal year.

ECONOMIC OUTLOOK

The City is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. However due to the national economic downturn, the city, state, and industries alike have been impacted by the national recession. Jackson continues to be the site of the largest financial institutions in the state. Numerous healthcare facilities and health service agencies, including the state's only medical school provide employment to more than 30,090 professionals and staff.

As the population, educational, cultural, medical, and governmental center of the state, the Jackson metropolitan surrounding area has a relatively stable unemployment rate of 6.9 percent with an employed labor force of 264,700. This unemployment rate compares favorably to the state's overall unemployment rate of 8.6 percent. Over the previous years, the unemployment rate has ranged from a high of 8.6 percent to a low of 5.8 percent for 2013.

Jackson, MS, however, is highly dependent upon the public sector as an economic engine. While public sector employment is generally more stable than private sector employment, the spin-off businesses and entrepreneurial opportunities that are needed for sustained growth is not generated at the desired level. Thus, the economic development efforts must look toward business-government partnerships as a part of the solution. Towards that end, Jackson is poised to realize a number of developments of mixed use facilities in the immediate future.

The City has also begun to benefit from a variety of downtown revitalization efforts. These efforts include a recently renovated multi-modal transportation center, completion of a major portion of a parkway project to connect downtown to Jackson State University, and creation of an entertainment district in and around Farish Street, the oldest African American nationally designated historic district. Occupancy in the downtown area is at 85 percent and is expected to remain stable. The high percentage of college-educated residents who reside in Jackson is a positive trend that can further the City's efforts to becoming a dynamic urban center.

The total renovation and completion of the King Edwards Hotel (Hilton Garden) and Class A office space at the Pinnacle building along with the opening of the Standard Life Building as a mixed use facility has generated a resurgence of downtown.

Jackson property owners pay property taxes for county, city, and school totaling \$173.85 per \$1000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax in Jackson.

FINANCIAL OUTLOOK

The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants. An Unrestricted General Fund Reserve policy that is within range of the level cited by GFOA recommended practice has been adopted by the City Council. The City's unreserved fund balance amounted to 23 percent of the adopted General Fund operating revenues for FY 13.

The unassigned General Fund balance available for future appropriation is \$26,516,918 million, which includes \$8,946,959 million attributable to the City's General Fund reserve policy. An additional \$4,498,536 million is reserved for inventories and state tort claims.

The City remains an excellent place for investors with ratings of A1 on G.O. bonds and Aa3 on Revenue bonds by Moody's and A+ on G.O. bonds and A+ on Revenue bonds by Standard & Poor's.

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2013 are useful gauges of the City's debt position.

POPULATION:	173,514
BONDED DEBT PER CAPITA:	\$ 758.24
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$ 1,053,717,632
NET BONDED DEBT (G.O.):	\$ 144,665,000
RATIO OF DEBT TO ASSESSED VALUE:	13.24%

The following charts reflect activities within the Debt Service Fund and Proprietary Funds:

BONDS OUTSTANDING

Category	Amount Outstanding Sept. 30, 2013	Amount Outstanding Sept. 30, 2012
General Obligation	\$ 135,465	\$ 131,290
General Obligation Note	9,200	402
Tax Increment Limited Obligation	5,622	6,102
Revenue Bonds	<u>239,265</u>	<u>154,430</u>
Urban Renewal Bonds - Component Unit	<u>12,817</u>	<u>9,865</u>
Total	<u>\$ 402,369</u>	<u>\$ 302,089</u>

PROPRIETARY FUNDS – CHANGES IN NET POSITION

Net Income (Loss)	2013	2012
Water/Sewage Disposal Fund	\$ (860)	\$ (6,530)
Madison Sewage Disposal Fund	(82)	(36)
Transportation Fund	(6,397)	1,476
Sanitation and Recycling Fund	(354)	342
Total Net Income (loss)	<u>\$ (7,693)</u>	<u>\$ (4,748)</u>

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 15.75% and 9.00% of covered payroll, respectively.

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$8,238,995 and employee benefit costs were \$14,347,908 during fiscal year 2013. The City's General fund appropriated \$6,760,123 to the Employees' Group Benefit fund.

FINANCIAL POLICIES

There are several distinct policies that provide the framework for the financial operations of the City. One such policy is the commitment to conservatism by the Executive Branch in projecting its annual revenues. This policy provides a safeguard to drastic reductions in a given budget cycle in the event of under budgeted or unbudgeted costs. The City of Jackson, MS also has a policy to carefully allocate one time revenues such that operating expenses are not increased.

SELECT RECOGNITIONS

Recognized as one of 8 cities to participate in the 2014 Community Progress Leadership Institute at Harvard Law School.

The City of Jackson was named the 4th Best U.S. City to Start a Business in a recent study from the leading personal finance outlet WalletHub.com.

Smith Robertson Museum and Cultural Center in downtown Jackson was recognized by CNN as 50 states, 50 spots for 2014.

Certificate of Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report (CAFR) that meets the GFOA standards. GFOA awarded a Certificate of Excellence to the City in 2012 for its CAFR. A Certificate of Achievement is valid for one year only. The City's management believes that its 2013 CAFR confirms to the Certificate of Achievement program requirement and therefore will submit it for review.

FUTURE INITIATIVES

The Construction and development of a Convention Center Hotel remains a top priority for the City of Jackson. It is expected that many developers will respond to the Request for Proposals and once the hotel is developed will employ 300 persons within the hotel and restaurant.

Farish Street Entertainment District is being developed as a tourist destination which will have restaurants and clubs. These venues will provide live music, food and opportunities for local talent to perform. The number of jobs is estimated at 600.

The 21 acre property, centrally located off of I-55, known as the Old Mississippi School for The Blind has been acquired and being developed as the site for the District at Eastover Development which is proposed to include a 100,000 square foot office building, an 80-120 room hotel, a 45,000 square-foot grocer, a restaurant, 125,000 square feet of retail, 120,000 square feet of residential units, and a four screen movie theater.

The Landmark Health Care Facility has been completed and is a state of the art five story medical office complex with medical offices, restaurants and retail outlets located on State Street.

Growth along the Mississippi Healthcare Corridor (Woodrow Wilson Drive) is expected in the coming years with University of Mississippi Medical Center having hired 1,800 employees over the last 18 months.

The Highway 80 initiative plans for a cooperative effort amongst many different groups. The City of Jackson has relocated 300 City employees to the Metro Center Mall to create an impetus for other businesses to locate within that area. The Jackson Redevelopment Authority has designated the Highway 80 Corridor as an Urban Renewal Area and has shown different sites to developers for future development.

The Iron Horse Grill business occupies 10,000 square feet, with the Mississippi Music Experience Museum in 4,000 square feet, and the Headquarters for the Mississippi Blues Trail in the remaining 1,000-2,000 square feet. This facility opened in December and employs over 120 employees.

The adaptive re-use of historic structures called "Capitol Lofts" will create 31 units of artist housing, community areas, and art gallery/studio space. This development is located across the street from the successful King Edward/Standard Life Mixed-Use Project and will further the revitalization of the western end of Downtown Jackson. Capitol Art Loft, LLC is a Joint Venture between HRI Properties and Black White Development.

A 205 room Westin Hotel with restaurants and shops is slated to break ground in downtown Jackson in June, and when opened will employ 150 full time jobs.

A Whole Food Market opened in Highland Village in February and employs over 120 employees. This is the only Whole Food Market in the state of Mississippi.


ACKNOWLEDGMENTS

The staff of the Department of Administration, and specifically, the Finance Division, has my appreciation for their dedication and diligence in the preparation of this report. Other departments and divisions of the city have also contributed directly or indirectly to the report. We express our appreciation to all who assisted in this effort.

We acknowledge with appreciation the thorough, professional, and timely manner in which our independent auditors, Banks, Finley, White, & Co., conducted the audit.

Finally we acknowledge the Mayor and City Council members for their consistent support of the city's goal of excellence in all aspects of financial management. Their support is immensely appreciated.

Respectfully submitted,



Lee A. Unger, Director
Department of Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

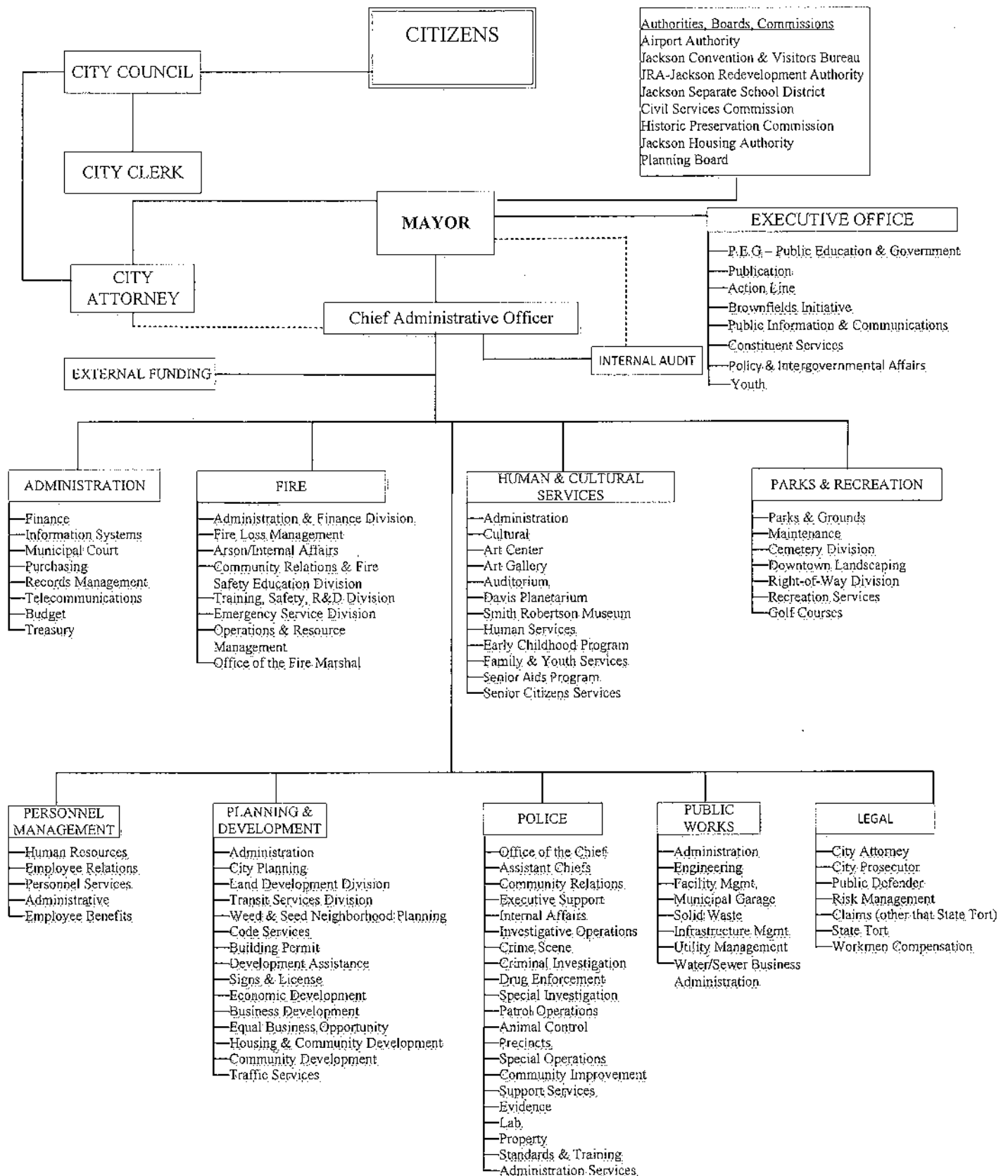
**City of Jackson
Mississippi**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF JACKSON ORGANIZATIONAL CHART



CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2013

EXECUTIVE

Chokwe Lumumba
MAYOR

LEGISLATIVE

CITY COUNCIL

Quentin Whitwell
Ward 1

Melvin Priester, Jr.
Ward 2
Vice President of Council

Larita Cooper-Stokes
Ward 3

De'Keither Stamps
Ward 4

Charles Tillman
Ward 5
President of Council

Tony Yarber
Ward 6

Margaret C. Barrett-Simon
Ward 7

Brenda Pree
City Clerk

EXECUTIVE BRANCH

Synarus Green
Chief Administrative Officer

Dr. Safiya Omari
Chief of Staff

Chief of Police
Fire Chief
Director of Public Works
Director of Planning and Development
Director of Human and Cultural Services
Director of Parks and Recreation
Interim Director of Personnel Management
Director of Administration
City Attorney

Lindsey Horton
Willie Owens
Dan Galliet
Bennie Hopkins
Michael Raff
Allen Jones
Denise McKay
Lee A. Unger
Gail Lowery

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Tony Yarber
and Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority and the Capital City Convention Center Commission which statements reflect assets and revenues of 11.24 percent and 6.80 percent, respectively, of the business-type activities funds. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Federal Grants Special Revenue Fund, and the Capital Project Improvement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 81 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is also not a required part of the basic financial statements of the City of Jackson, Mississippi.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.^{parst}

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2014, on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jackson, Mississippi's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Ridgeland, Mississippi
April 30, 2014

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Jackson, we offer readers of the City of Jackson's financial statements this narrative overview and analysis of the financial activities of the City of Jackson for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - viii of this report.

Financial Highlights

- The assets of the City of Jackson exceeded its liabilities at the close of the most recent fiscal year by \$407 million (*net position*). Of this amount, there is \$114 million in unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$12 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$54.1 million, an increase of \$4.4 million in comparison with the prior year. Approximately forty-seven (47) percent of this total amount is \$26.5 million (unassigned) and is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year unassigned fund balance for the general fund was \$26.5 million, or twenty-three (23) percent of total general fund expenditures.
- The City of Jackson's total debt increased by \$105 million (31.3 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements comprise three components: 1)government-wide financial statements, 2)fund financial statements, and 3)notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Jackson's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Jackson's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Jackson include general government, public safety, public works, human & cultural services, employee benefits, and interest on long term debt. The business-type activities of the City of Jackson include water/sewer, transportation and sanitation.

The government-wide financial statements include the City of Jackson itself (known as the *primary government*), and a legally separate redevelopment authority and Capital City Convention Center Commission for which the City of Jackson is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-13 of this report.

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Jackson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Jackson can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Jackson maintains seventeen (17) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal Grant Fund, Debt Service Fund, Improvement Fund, 1998 General Obligation Bond Fund, 2003 General Obligation Bond Fund, 2006 General Obligation Bond Fund, 2009 General Obligation Bond Fund, and Capitol Street 2-Way, all of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Jackson adopts an annual budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14-25 of this report.

Proprietary funds. The City of Jackson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Jackson uses enterprise funds to account for its Water/Sewage Disposal System Fund, Madison Sewage Disposal System Funds, Transportation Fund and Sanitation Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Jackson's various functions. The City of Jackson uses an Internal Service Fund to account for its Employee Group Health Benefit Fund. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewage Disposal System Fund and Sanitation Fund, both of which are considered to be major funds of the City of Jackson. Data from the other two (2) proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The Internal Service Fund is presented in the Proprietary Fund financial statements as governmental activities.

The basic proprietary fund financial statements can be found on pages 26-30 of this report.

Fiduciary funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The function of the City's principal trust fund is discussed in Note 6.A.2. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The purpose of the City's Agency Funds is to collect and remit to the related organizations the proceeds of a special sales tax received from the State.

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 33-81 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jackson's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 82 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 83-104 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$410 million at the close of September 30, 2013.

By far the largest portion of the City of Jackson's net position (68.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jackson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jackson's Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 150,448	\$ 147,968	\$ 180,091	\$ 91,789	\$ 330,539	\$ 239,757
Capital assets	299,768	291,238	374,219	358,491	673,987	649,729
Total assets	450,216	439,206	554,310	450,280	1,004,526	889,486
Deferred Outflows of Resources	69	-	2,737	-	2,806	-
Long-term liabilities outstanding	197,035	180,507	276,476	174,841	473,511	355,348
Other Liabilities	36,795	97,438	17,327	17,951	54,122	115,389
Total Liabilities	233,830	277,945	293,803	192,792	527,633	470,737
Deferred Inflows of Resources	69,630	-	-	-	69,630	-
Net position:						
Invested in capital assets, net of related debt	179,234	187,510	101,011	184,185	280,245	371,695
Restricted	13,446	15,041	-	-	13,446	15,041
Unrestricted	(45,855)	(41,290)	159,496	73,303	113,641	32,013
Total net position	\$ 146,825	\$ 161,261	\$ 260,507	\$ 257,488	\$ 407,332	\$ 418,749

The City of Jackson's total net position decreased by \$11.4 million during the current fiscal year.

CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Jackson's Changes in Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 15,821	\$ 16,954	\$ 56,040	\$ 60,561	\$ 71,861	\$ 77,515
Operating grants and contributions	12,261	10,114	582	631	12,843	10,745
Capital grants and contributions	11,291	1,970	4,675	2,844	15,966	4,814
General revenues:						
Property taxes	72,437	74,856	-	-	72,437	74,856
Sales taxes	32,718	32,701	-	-	32,718	32,701
Franchise taxes	8,245	8,218	-	-	8,245	8,218
Other	829	843	265	501	1,094	1,344
Total revenues	153,602	145,656	61,562	64,537	215,164	210,193
Expenses:						
General government	40,602	29,456	-	-	40,602	29,456
Public safety	64,780	57,055	-	-	64,780	57,055
Public works	24,662	24,721	-	-	24,662	24,721
Human and cultural services	14,311	13,756	-	-	14,311	13,756
Employee benefits	7,860	8,685	-	-	7,860	8,685
Interest on long-term debt	8,230	7,448	-	-	8,230	7,448
Water/Sewer	-	-	48,891	55,347	48,891	55,347
Nonmajor	-	-	7,636	7,044	7,636	7,044
Sanitation	-	-	11,699	11,894	11,699	11,894
Total expenses	160,445	141,121	68,226	74,285	228,671	215,406
Increase in net position before transfers	(6,843)	4,535	(6,664)	(9,748)	(13,507)	(5,213)
Transfers	(9,585)	(5,000)	9,585	5,000	-	-
Increase in net position	(16,428)	(465)	2,921	(4,748)	(13,507)	(5,213)
Net position - October 1, 2012	161,261	161,726	257,488	262,236	418,749	423,962
Prior year adjustment	1,992	-	98	-	2,090	-
Net position - September 30, 2013	\$ 146,825	\$ 161,261	\$ 260,507	\$ 257,488	\$ 407,332	\$ 418,749

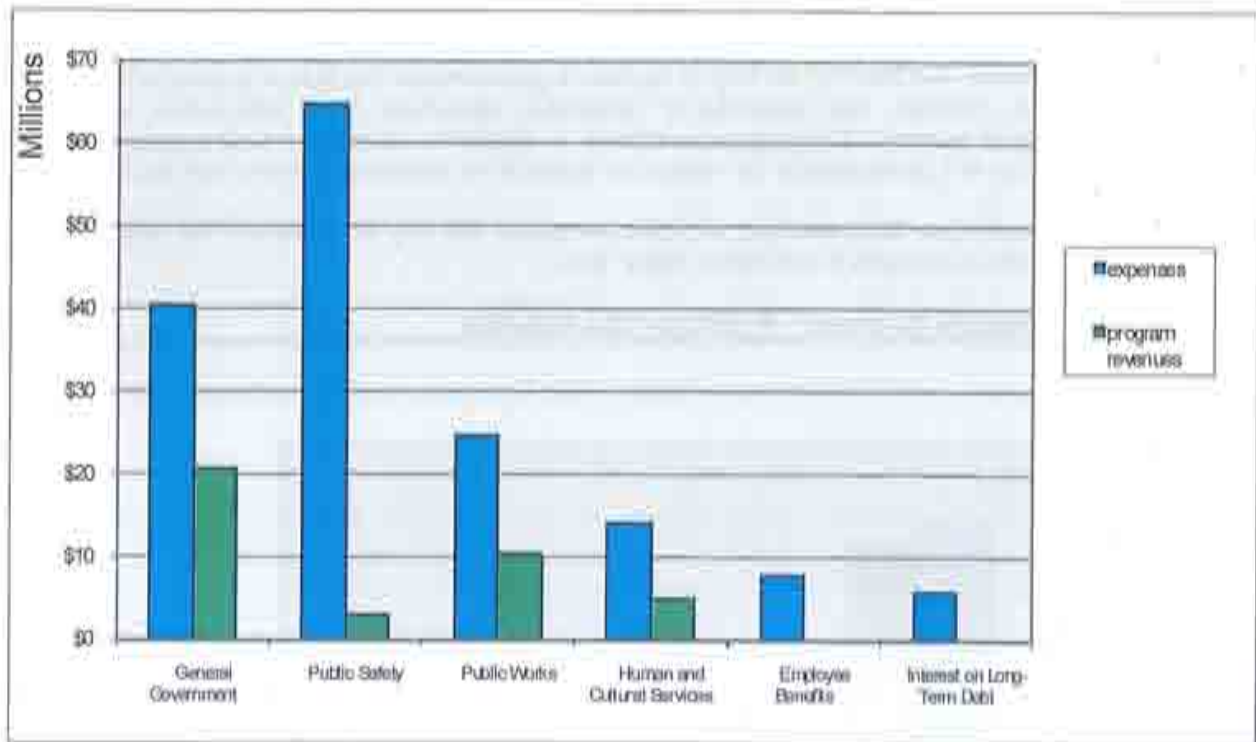
Governmental activities. Governmental activities decreased the City of Jackson's net position by \$14.4 million.

In FY 2007, the City issued \$65 million in General Obligation Bonds on behalf of the Capital City Convention Center Commission to construct the Convention Center. A special sales tax levy was established to pay the debt service for the bonds. The bonds couldn't be issued as revenue bonds because of the uncertainty of the sales tax collections; therefore, the bonds were issued as GO Bonds of the City with full, faith and credit of the City. The asset (the Convention Center facility) is the property of the Capital City Convention Commission and recorded on the books of the Commission, but the liability (the bonds to construct the Convention Center) is on the books of the City.

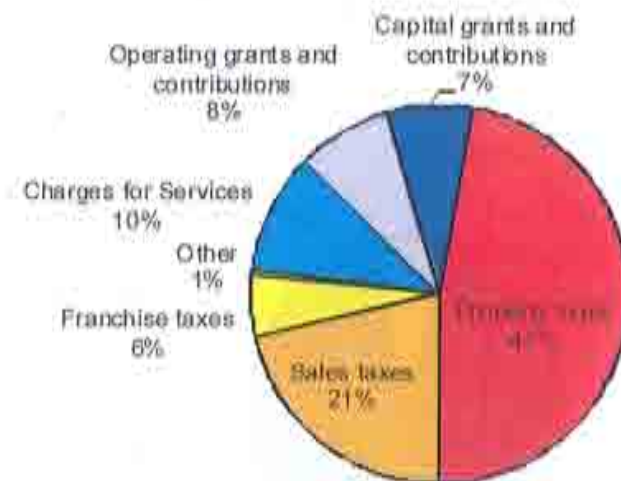
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its net pension obligation. In adopting GASB Statement No. 27, the City has increased net position – beginning of year in the government wide financial statements of governmental activities by \$25.6 million to recognize the net pension asset calculated under GASB Statement No. 27.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Expenses and Program Revenues – Governmental Activities



Revenues by source – Governmental Activities



CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

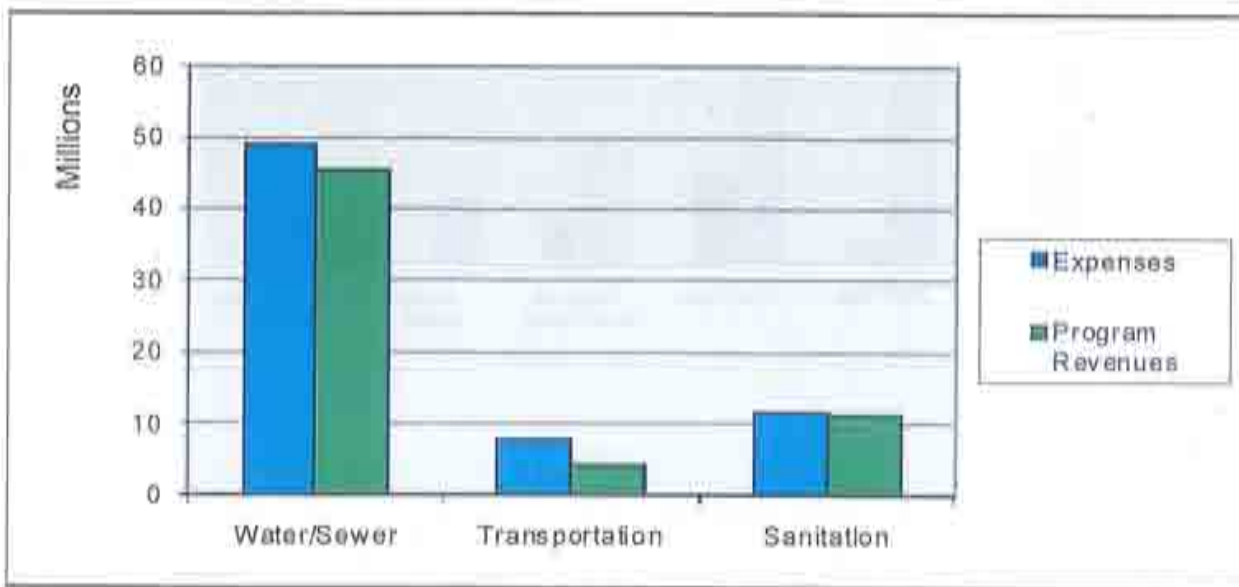
Financial Analysis of the Government's Funds

As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

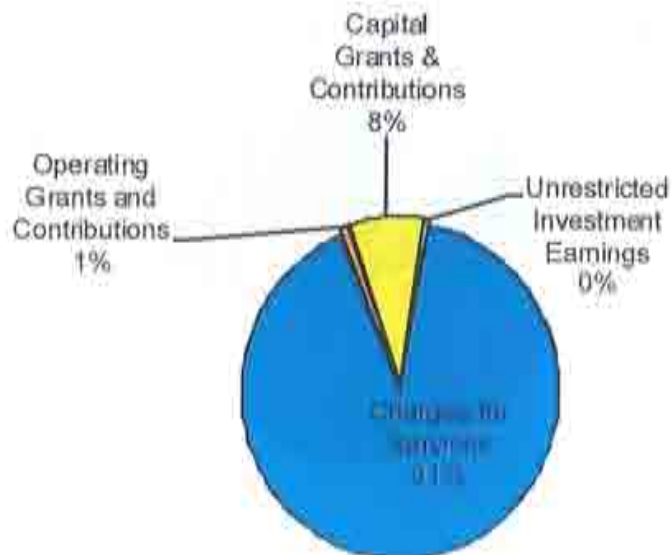
Governmental funds. The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Business-type activities. Business-type activities increased the City of Jackson's net position by \$3 million. This increase is primarily in the Water Sewer fund.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$54.1 million, an increase of \$4.4 million in comparison with the prior year. Forty-seven (47) percent of this total amount is \$26.5 million which is available for spending at the government's discretion (*unassigned*). Of the remaining fund balance, \$2,283,393 is *nonspendable* and is not in spendable form, \$5,589,932 is *restricted* and has limitations imposed on its use by external parties, \$19,639,967 is *committed* for specific purposes imposed by the City Council, and \$49,140 is *assigned* for various purposes by the Director of Administration. Additional information on governmental fund balance can be found in Note 5 of the Notes to the Financial Statements including information on the specific purpose for amounts restricted, committed, and assigned.

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$26.5 million, while total fund balance reached \$32.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During the current fiscal year, the fund balance of the City of Jackson's general fund decreased by \$1,039,491. The increase in fund balance for the federal grant fund \$592,842 is for a variety of restricted purposes. The debt service fund has a total fund balance increase of \$495,249 which is partially revenue from property taxes and the payment of debt. The increase in fund balance for the improvement fund \$1,877,345 is to liquidate contracts and purchase orders. The reduction in fund balance for the 1998 GO Bond (\$186,987) and the increase in fund balance for the 2003 GO Bond \$37,831 is the natural spend down of bond proceeds. The increase in fund balance for the 2006 GO Bond \$1,034 is for the construction of the Capital City Convention Center. The 2009 GO Bond had a fund balance decrease of (\$1,813,794) due to indebtedness incurred during the year. The Capitol Street 2-Way is a new fund balance; therefore, it does not have a comparison to the prior year.

The debt service fund has a total fund balance of \$2.8 million, all of which is reserved for the payment of debt service.

Proprietary funds. The City of Jackson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water/Sewage Disposal System Fund at the end of the year amounted to \$154.6 million. The increase in net position for the Water/Sewage Disposal System Fund was \$1.8 million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were a \$4.8 million increase and can be briefly summarized as follows:

- \$1.0 million increase in capital outlay
- \$1.8 million increase in contract services and charges
- \$1.5 million decrease in personnel services
- \$3.5 million increase in supplies and materials

Significant budgetary expenditure variances between the final amended budget and actual results are as follows:

- Actual personnel services for all city departments was \$4.0 million less than the final budget.
- Actual capital outlay for all city departments was \$1.4 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$3.2 million less than the final budget.
- Actual supplies and materials for all city departments was \$3.7 million less than the final budget.

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital assets. The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to \$674 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's investment in capital assets for the current fiscal year was 3.7% (a 2.9% change for governmental activities and a 4.4% increase in business activities).

Major capital asset events during the current fiscal year included the following:

- The increase in total net position was the continued expenditure of prior bond issue proceeds for expansion and replacement of infrastructure.

City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 14,443	\$ 14,500	\$ 1,838	\$ 1,838	\$ 16,281	\$ 16,338
Building & systems	54,390	55,880	37,667	40,375	92,057	96,255
Machinery and equipment	15,170	11,965	16,460	16,373	31,630	28,338
Infrastructure	117,200	114,907	136,172	141,365	253,372	256,272
Construction in progress	98,566	93,986	182,082	158,540	280,648	252,526
Total	\$ 299,769	\$ 291,238	\$ 374,219	\$ 358,491	\$ 673,988	\$ 649,729

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 53-56 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$380 million. Of this amount, \$141 million comprises debt backed by the full faith and credit of the City. The remainder of the City of Jackson's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Loans (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 135,465	\$ 131,290	\$ -	\$ -	\$ 135,465	\$ 131,290
Revenue bonds	-	-	239,265	154,430	239,265	154,430
Tax increment bonds	5,622	6,102	-	-	5,622	6,102
Special obligation bonds	-	-	-	-	-	-
Loans, notes and leases	37,456	27,883	22,517	15,647	59,973	43,530
Total	\$ 178,543	\$ 165,275	\$ 261,782	\$ 170,077	\$ 440,325	\$ 335,352

The City of Jackson's total debt increased by \$105 million during the current fiscal year.

CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

The bond ratings services from Standard & Poor's and Moody's establish that bonds marketed by the City have favorable investment qualities. Presently, the city has the following ratings:

	<u>Moody's</u>	<u>Standard & Poor's</u>
Revenue	Aa3	A+
General Obligation Bonds	A1	A+
Urban Renewal Revenue Bonds	Aa3	A

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent and 20 percent of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$100 million in excess of the City of Jackson's outstanding general obligation debt.

Additional information on the City of Jackson's long-term debt can be found in Note 4 on pages 59-69 of this report.

Economic Factors and Next Year's Budgets and Rates

- Major revenues sources are expected to remain basically at existing levels.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Jackson's budget for the 2013 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased \$.2 million.

Requests for Information

This financial report is designed to provide a general overview of the City of Jackson's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, Office of the Director, P.O. Box 17, Jackson, MS, 39205-0017.

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**BASIC FINANCIAL
STATEMENTS**

City of Jackson
Statement of Net Position
As of September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
ASSETS					
Cash and cash equivalents	\$ 56,701,722	\$ 5,442,484	\$ 62,144,206	\$ 1,498,470	\$ 3,094,975
Accounts receivable, net	82,759	33,429,291	33,512,050	-	-
Other receivable	75,561,942	5,344,764	80,906,706	4,170,547	1,238,707
Intergovernmental receivable	2,436,611	4,367,990	6,804,601	-	-
Internal balances	4,067,463	(4,067,463)	-	-	-
Inventories	2,283,393	1,567,929	3,851,322	-	46,074
Prepaid Expenses	-	-	-	1,903	19,623
Net pension asset	9,314,358	-	9,314,358	-	-
Restricted assets:					
Cash and cash equivalents	-	33,208,402	33,208,402	294,256	1,815,627
Investments	-	100,797,819	100,797,819	-	500,000
Capital assets:					
Land	14,443,131	1,837,999	16,281,130	4,538,425	5,792,683
Buildings	54,389,841	37,667,271	92,057,112	29,531,367	68,231,265
Automotive and equipment	15,169,819	16,460,039	31,629,858	148,118	4,623,492
Infrastructure	117,199,964	136,171,941	253,371,905	-	-
Construction in Progress	98,565,717	182,082,132	280,647,849	-	-
Property held for development	-	-	-	1,913,270	-
Total assets	450,216,720	554,310,598	1,004,527,318	42,096,356	85,362,446
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	69,116	-	69,116	-	-
Total deferred outflows of resources	69,116	-	69,116	-	-
LIABILITIES					
Liabilities:					
Accounts Payable	8,590,025	9,089,970	17,679,995	328,995	555,032
Accrued interest payable	777,167	539,750	1,316,917	146,732	-
Unearned revenue	-	-	-	-	234,108
Other liabilities	5,269,461	4,300,811	9,570,272	22,682	163,518
Noncurrent liabilities:					
Net other postemployment benefits	22,158,371	3,396,629	25,555,000	-	-
Due within one year	17,946,658	11,822,722	29,769,380	530,467	-
Due in more than one year	179,088,333	264,653,354	443,741,687	11,383,073	-
Total liabilities	233,830,015	293,803,236	527,633,251	12,411,949	952,658
DEFERRED INFLOWS OF RESOURCES					
Resources received before time requirements	69,630,198	-	69,630,198	-	-
NET POSITION					
Invested in capital assets, net of related debt	179,234,070	101,011,290	280,245,360	26,844,151	78,647,440
Restricted for:					
Debt service	2,826,592	-	2,826,592	8,190	-
Capital projects	8,087,748	-	8,087,748	196,873	-
Other purposes	2,215,143	-	2,215,143	-	-
Capital City Convention Center	316,661	-	316,661	-	2,315,627
Unrestricted	(45,854,590)	159,496,072	113,641,482	2,635,193	3,446,721
Total net position	\$ 146,825,624	\$ 260,507,362	\$ 407,332,986	\$ 29,684,407	\$ 84,409,788

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Activities
For the year ended September 30, 2013

Net (Expenses) Revenues and
Changes in Net Position

	Program Revenues			Changes in Net Position			Component Unit		
	Operating			Primary Government			Jackson Redevelopment Authority		
	Charges for Services	Grants and Contributions	Capital	Governmental Activities	Business-type Activities	Total	Redevelopment Authority	Convention Center	Commission
Primary government:									
Governmental activities:									
General government	\$ 40,602,366	\$ 14,203,812	\$ 5,495,750	\$ 987,035	\$ (19,915,769)	\$ (19,915,769)	\$ -	\$ -	\$ -
Public safety	64,780,373	823,136	2,164,976	128,907	(61,663,354)	(61,663,354)	-	-	-
Public works	24,661,412	199,691	-	10,175,363	(14,286,358)	(14,286,358)	-	-	-
Human and cultural services	14,311,147	594,552	4,599,858	-	(9,116,737)	(9,116,737)	-	-	-
Employee benefits	7,859,559	-	-	(7,859,559)	-	(7,859,559)	-	-	-
Interest on long-term debt	8,229,932	-	-	(8,229,932)	-	(8,229,932)	-	-	-
Total governmental activities	160,444,789	15,821,191	12,260,584	11,291,305	(121,071,709)	(121,071,709)	-	-	-
Business-type activities:									
Water/Sewer	48,891,553	44,052,148	68,628	1,481,704	(3,289,073)	(3,289,073)	-	-	-
Transportation	7,553,699	676,999	480,000	3,154,366	(3,242,334)	(3,242,334)	-	-	-
Madison Sewage	82,034	-	108	-	(81,926)	(81,926)	-	-	-
Sanitation	11,698,635	11,310,872	33,316	39,225	(315,222)	(315,222)	-	-	-
Total business-type activities	68,225,921	56,040,019	582,052	4,675,295	(6,928,555)	(6,928,555)	-	-	-
Total primary government	\$ 228,670,710	\$ 71,861,210	\$ 12,842,636	\$ 15,966,600	\$ (128,000,264)	\$ (128,000,264)	\$ -	\$ -	\$ -
Component units:									
Jackson Redevelopment Authority	\$ 2,990,829	\$ 1,319,358	\$ 459,241	\$ 465,000	\$ -	\$ -	\$ (747,230)	\$ -	\$ -
Capital City Convention Center Commission	9,644,414	2,094,815	150,000	-	-	-	-	(7,399,599)	(7,399,599)
Total component units	\$ 12,635,243	\$ 3,414,173	\$ 609,241	\$ 465,000	\$ -	\$ -	\$ (747,230)	\$ (7,399,599)	\$ (7,399,599)
General revenues:									
Property taxes				72,437,081	-	72,437,081	-	-	-
Sales taxes				32,718,158	-	32,718,158	-	-	4,147,810
Franchise taxes				8,244,729	-	8,244,729	-	-	-
Unrestricted investment earnings				144,701	249,137	393,838	153,339	9,326	9,326
Gain (loss) on sale of capital assets				107,822	15,245	123,067	-	-	-
Miscellaneous				576,747	-	576,747	-	-	-
Transfers				(9,584,840)	9,584,840	-	-	-	1,592,770
Total general revenues and transfers				104,644,398	9,849,222	114,493,620	153,339	5,749,906	5,749,906
Change in net position				(16,427,311)	2,920,667	(13,506,644)	(593,891)	(1,649,693)	(1,649,693)
Net position - beginning of year as previously reported				161,261,325	257,488,219	418,749,544	30,278,298	86,059,481	86,059,481
Prior period adjustment				1,991,610	98,476	2,090,086	-	-	-
Net position - beginning of year as adjusted				163,252,935	257,586,695	420,839,630	30,278,298	86,059,481	86,059,481
Net position - ending				\$ 146,825,624	\$ 260,507,362	\$ 407,332,986	\$ 29,684,407	\$ 84,409,788	\$ 84,409,788

The notes to the financial statements are an integral part of this statement.

City of Jackson
Balance Sheet
Governmental Funds
As of September 30, 2013

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Capitol Street 2-way	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 33,164,677	\$ 2,110,413	\$ 3,014,340	\$ 3,986,280	\$ 178,236	\$ 2,547,958	\$ 316,661	\$ 2,509,134	\$ 2,213,803	\$ 4,940,428	\$ 54,981,930
Other receivable	61,156,112	3,500	3,562,712	-	-	500,153	-	-	-	8,282,886	73,505,363
Intergovernmental receivable	29,462	1,197,644	-	79,811	-	942,602	-	-	187,092	-	2,436,611
Deferred charges	-	-	-	549	-	-	-	-	-	-	549
Special assessment receivable	-	-	97,069	-	-	-	-	-	-	-	97,069
Due from other funds	4,270,963	-	-	-	-	-	-	-	-	-	4,270,963
Inventories	2,283,393	-	-	-	-	-	-	-	-	-	2,283,393
Total assets	\$ 100,904,607	\$ 3,311,557	\$ 6,674,121	\$ 4,066,640	\$ 178,236	\$ 3,990,713	\$ 316,661	\$ 2,509,134	\$ 2,400,895	\$ 13,223,314	\$ 137,575,878
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 5,478,397	\$ 539,110	\$ 187,748	\$ 376,364	\$ -	\$ -	\$ -	\$ 82,157	\$ -	\$ 493,746	\$ 7,157,522
Contracts and Retainage Payable	-	-	-	40,128	-	759,627	-	-	149,446	-	949,201
Due to other funds	-	203,500	-	-	-	-	-	-	-	-	203,500
Other liabilities	4,624,069	66,070	-	380,984	-	-	-	-	-	198,338	5,269,461
Total liabilities	10,102,466	808,680	187,748	797,476	-	759,627	-	82,157	149,446	692,084	13,579,684
DEFERRED INFLOWS OR RESOURCES											
Unavailable revenue-deferred revenue	-	374,086	-	-	-	-	-	-	-	-	374,086
Unavailable revenue-property taxes	57,875,779	-	3,659,781	-	-	-	-	-	-	8,007,198	69,542,758
Total deferred inflows of resources	57,875,779	374,086	3,659,781	-	-	-	-	-	-	8,007,198	69,916,844
Fund Balances											
Nonspendable	2,283,393	-	-	-	-	-	-	-	-	-	2,283,393
Restricted	491,691	2,128,791	2,826,592	-	-	-	-	-	-	2,254,777	7,701,851
Committed	3,585,220	-	-	3,269,164	178,236	3,231,086	316,661	2,426,977	2,251,449	2,269,255	17,528,048
Assigned	49,140	-	-	-	-	-	-	-	-	-	49,140
Unassigned	26,516,918	-	-	-	-	-	-	-	-	-	26,516,918
Total fund balances	32,926,362	2,128,791	2,826,592	3,269,164	178,236	3,231,086	316,661	2,426,977	2,251,449	4,524,032	54,079,350
Total liabilities, deferred inflows of resources and fund balances	\$ 100,904,607	\$ 3,311,557	\$ 6,674,121	\$ 4,066,640	\$ 178,236	\$ 3,990,713	\$ 316,661	\$ 2,509,134	\$ 2,400,895	\$ 13,223,314	\$ 137,575,878

The notes to the financial statements are an integral part of this statement.

City of Jackson
Reconciliation of Balance Sheet - Governmental Funds
To the Statement of Net Position
September 30, 2013

Amount reported for governmental activities in the statement
of net position are different because:

Total fund balances - governmental funds	\$ 54,079,350
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	299,768,472
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	9,314,358
Internal service fund is used to account for the group benefit plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	1,318,872
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	2,056,957
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	189,577
Net other postemployment benefit recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	(22,158,371)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and loans payable, net of refunding gains, premium and discounts	(167,926,187)
Deferred bond issuance costs	68,567
Accrued interest on long-term debt	(777,167)
Capital leases	(18,166,906)
Compensated absences	(4,380,299)
Claims payable	(2,077,732)
Workers' Compensation Benefits	(4,483,867)
Net position of governmental activities	\$ <u>146,825,624</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Capitol Street 2-way	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES											
General property taxes	\$ 56,969,881	\$ -	\$ 3,747,054	\$ 1,058,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,250,160	\$ 70,025,567
Licenses and permits	2,291,103	-	-	-	-	-	-	-	-	-	2,291,103
Intergovernmental	37,100,428	7,700,060	105,279	428,921	-	7,166,463	-	200,000	2,137,562	696,096	55,534,809
Fines and forfeitures	3,922,722	-	-	-	-	-	-	-	-	-	3,922,722
Special assessments	-	-	-	2,908	-	-	-	-	-	-	2,908
Admissions, fees, rentals and concessions	3,900,056	-	-	-	-	-	-	-	-	251,734	4,151,790
Interest	77,521	3,900	11,038	7,640	3,144	10,956	1,034	13,117	975	15,378	144,703
Other	14,833,080	230,281	3,349,293	-	-	-	-	-	-	10,714	18,423,368
Total revenues	119,094,791	7,934,241	7,215,572	1,495,033	3,144	7,177,419	1,034	213,117	2,138,537	9,224,082	154,496,970
EXPENDITURES											
Current:											
General government	24,956,351	4,319,468	1,309,348	80,048	-	-	-	-	-	52,535	30,717,750
Public safety	52,415,561	148,749	-	-	-	-	-	-	-	21,921	52,586,231
Public works	11,410,033	7,841	-	2,013,429	190,131	7,139,588	-	2,026,911	349,839	94,593	23,232,365
Human and Cultural services	3,917,212	3,563,640	-	-	-	-	-	-	-	6,272,017	13,752,869
Employee benefits	1,709,807	-	-	-	-	-	-	-	-	6,070,314	7,780,121
Debt Service:											
Principal	-	-	-	2,779,628	-	-	-	-	-	-	2,779,628
Interest and service charges	-	28,760	5,032,227	-	-	-	-	-	-	-	5,060,987
Capital outlay:											
General government	5,429,081	5,437	-	-	-	-	-	-	-	-	5,434,518
Public works	5,276,080	-	-	-	-	-	-	-	-	-	5,276,080
Public safety	9,540,155	49,455	-	-	-	-	-	-	-	104,374	9,693,984
Human and Cultural services	284,317	57,994	-	-	-	-	-	-	-	343,255	685,566
Total expenditures	114,938,597	8,181,344	9,121,203	2,093,477	190,131	7,139,588	-	2,026,911	349,839	12,959,009	157,000,099
Excess (deficiency) of revenues over (under) expenditures	4,156,194	(247,103)	(1,905,631)	(598,444)	(186,987)	37,831	1,034	(1,813,794)	1,788,698	(3,734,927)	(2,503,129)
OTHER FINANCING SOURCES (USES)											
Transfers in	274,804	1,149,183	2,322,300	2,475,789	-	-	-	-	462,751	3,715,446	10,400,273
Transfers out	(17,492,945)	(312,159)	-	-	-	-	-	-	-	(8,940,133)	(26,745,237)
Proceeds from capitalized leases	12,129,816	-	-	-	-	-	-	-	-	14,135	12,143,951
Issuance of debt	-	-	-	-	-	-	-	-	-	11,098,377	11,098,377
Payment to Refunded Bond Escrow	-	-	(69,891,032)	-	-	-	-	-	-	-	(69,891,032)
Premium on GO bond issuance	-	-	5,738,416	-	-	-	-	-	-	-	5,738,416
Bond Insurance Cost	(204,757)	-	(708,804)	-	-	-	-	-	-	-	(913,561)
Sale of Bonds	-	-	64,940,000	-	-	-	-	-	-	-	64,940,000
Sale of capital assets	97,397	2,925	-	-	-	-	-	-	-	7,500	107,822
Total other financing sources (uses)	(5,195,685)	839,949	2,400,880	2,475,789	-	-	-	-	462,751	5,895,325	6,879,009
Net change in fund balances	(1,039,491)	592,846	495,249	1,877,345	(186,987)	37,831	1,034	(1,813,794)	2,251,449	2,160,398	4,375,880
Fund balances at beginning of year	33,965,853	1,535,945	2,331,343	1,391,819	365,223	3,193,255	315,627	4,240,771	-	2,363,634	49,703,470
Fund balances at end of year	\$ 32,926,362	\$ 2,128,791	\$ 2,826,592	\$ 3,269,164	\$ 178,236	\$ 3,231,086	\$ 316,661	\$ 2,426,977	\$ 2,251,449	\$ 4,524,032	\$ 54,079,350

The notes to the financial statements are an integral part of this statement.

City of Jackson
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 4,375,880
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	8,530,245
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	68,680,656
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(12,143,951)
Retirement of prior leases	11,034,898
Long term debt proceeds recorded in the fund statements	(79,843,377)
Premium on debt issuance	(5,738,416)
Bond issuance costs	(324,700)
Amortization of deferred bond issuance cost	(342,832)
Payment to escrow agent	(462,683)
Decrease in net pension asset reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(6,470,728)
Increase in net other postemployment benefits liability reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(4,295,615)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	230,094
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	(1,002,474)
Internal service fund net activity not reported on the governmental fund statement	1,345,692
Change in the net position of governmental activities	<u>\$ (16,427,311)</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Revenues:				
General property taxes				
Current realty taxes	\$ 34,566,429	\$ 34,566,429	\$ 33,445,178	\$ (1,121,251)
Current personal taxes	14,063,813	14,063,813	14,294,210	230,397
Ad valorem taxes on automobiles	6,338,249	6,338,249	6,992,611	654,362
Delinquent taxes	450,000	450,000	1,275,705	825,705
Delinquent personal taxes	50,000	50,000	88,362	38,362
Interest on delinquent taxes	590,000	590,000	773,397	183,397
Community improvement	177,000	177,000	100,418	(76,582)
Total general property taxes	<u>56,235,491</u>	<u>56,235,491</u>	<u>56,969,881</u>	<u>734,390</u>
Licenses and permits				
Privilege licenses	460,000	460,000	426,895	(33,105)
Building permits	825,000	825,000	823,873	(1,127)
Air conditioning and duct permits	60,000	60,000	36,334	(23,666)
Plumbing permits	60,000	60,000	28,934	(31,066)
Electric permits	165,000	165,000	126,269	(38,731)
Gas Permits	55,000	55,000	33,237	(21,763)
Historic preservation application	1,000	1,000	1,196	196
Landscape permits	-	-	220	220
Dance hall and other recreational fees	8,000	8,000	5,637	(2,363)
Landfill charges	1,095,869	1,095,869	658,455	(437,414)
Taxicab license fees	2,000	2,000	1,159	(841)
Sign permits	40,400	40,400	59,730	19,330
Zoning permits	25,000	25,000	21,843	(3,157)
Combustible and flammable liquid permits	6,950	6,950	7,580	630
Fireworks Display Permit	200	200	400	200
Aircraft registration	5,000	5,000	6,563	1,563
Transit Merchants-Peddlers License	5,000	5,000	4,250	(750)
Adult entertainment-and License	30,000	30,000	14,132	(15,868)
Special event fee	5,000	5,000	11,810	6,810
Maintenance fees	7,000	7,000	11,196	4,196
Fire inspection permit	8,000	8,000	7,190	(810)
Annual vehicle inspection	4,000	4,000	4,200	200
Total licenses and permits	<u>2,868,419</u>	<u>2,868,419</u>	<u>2,291,103</u>	<u>(577,316)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Revenues (Continued):				
Intergovernmental Revenues:				
State Grants and Shared Revenues:				
Alcohol permits	\$ 262,000	\$ 262,000	\$ 269,900	\$ 7,900
Gasoline Tax	29,000	29,000	25,615	(3,385)
Municipal revolving fund	95,633	95,633	90,809	(4,824)
State reimb training academy	-	-	121,557	121,557
State fire protection	868,204	868,204	924,776	56,572
Sales tax	31,736,136	31,736,136	32,034,088	297,952
Bus & truck privilege tax	465,664	465,664	417,631	(48,033)
Wireless radio communication program	150,000	300,000	42,307	(257,693)
Historic Preservation	-	-	4,784	4,784
Homestead exemption	1,435,000	1,435,000	1,614,043	179,043
Total state grants shared revenues	35,041,637	35,191,637	35,545,510	353,873
Federal and State Grants and Shared Revenues:				
HITDA Grant	20,000	20,000	-	(20,000)
COPS- Universal Hire	1,108,177	1,108,177	881,810	(226,367)
MDOT Summer Youth reimbursement	28,216	28,216	(4,464)	(32,680)
Smith Robertson Museum	-	-	7,600	7,600
MDOT Litter Pick Up	10,000	10,000	18,321	8,321
FEMA/MEMA Disaster	162,000	162,000	3,714	(158,286)
Other police grants	116,135	116,135	55,644	(60,491)
Total federal and state shared revenues	1,444,528	1,444,528	962,625	(481,903)
County Revenues:				
Pro rata road tax	521,890	521,890	592,293	70,403
Hinds County 911 Funds	-	63,395	-	(63,395)
Total county revenue	521,890	585,285	592,293	7,008
Total intergovernmental revenues	37,008,055	37,221,450	37,100,428	(121,022)
Fines and Forfeitures:				
Court & misdemeanor fines	960,000	960,000	849,194	(110,806)
Vehicle parking fines	163,000	163,000	135,752	(27,248)
Moving traffic violations	1,580,000	1,580,000	1,332,775	(247,225)
City court costs	22,000	22,000	17,600	(4,400)
Bad check fee and Warrant fee	177,400	177,400	182,820	5,420
Animal control citations	2,000	2,000	1,529	(471)
Municipal court computer	22,000	22,000	19,857	(2,143)
Municipal court drivers impr fee	40,000	40,000	41,200	1,200
Expungement fee	7,400	7,400	7,300	(100)
Jackson collection fee	146,000	146,000	156,723	10,723
Miscellaneous Court Docket fee	145,000	145,000	143,786	(1,214)
Dropped charge fee	6,000	6,000	4,900	(1,100)
Cash bond - clearing account	25,000	25,000	(4,320)	(29,320)
Rearraignment fee	20,000	20,000	27,000	7,000
Daily storage fee-vehicle	28,660	28,660	26,169	(2,491)
Administrative fee - del cases	410,000	410,000	404,754	(5,246)
Contempt fee	150,000	150,000	176,607	26,607
Computerized Crime prevention	31,000	31,000	24,203	(6,797)
Municipal Court Enhancement fee	150,000	175,895	199,062	23,167
Jackson Enhancement fee	-	-	99,427	99,427
Wrecker fees	85,000	85,000	76,384	(8,616)
Total fines and forfeitures	4,170,460	4,196,355	3,922,722	(273,633)

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 180,000	\$ 180,000	\$ 179,268	\$ (732)
Municipal Auditorium:				
Rentals	67,800	67,800	63,268	(4,532)
Concessions	2,200	2,200	2,270	70
Local record fee	5,000	5,000	5,454	454
Pistol Range rent	1,000	1,000	2,833	1,833
Outdoor adversting	12,000	12,000	12,967	967
Fire Water flow test fee	2,500	2,500	2,250	(250)
Fire Reports	9,500	9,500	8,580	(920)
Accident report fee	100,000	100,000	86,510	(13,490)
Background check fee	12,000	12,000	11,745	(255)
Bail bondsman applicant photo	250	250	105	(145)
Bail bondsman mug shot fee	300	300	45	(255)
Bail bondsman ID card	700	700	675	(25)
Fingerprinting	16,000	16,000	16,220	220
Verification of records	30,000	30,000	22,699	(7,301)
Fire sprinkler plans review	4,075	4,075	5,575	1,500
Rents & Royalties	11,000	11,000	11,090	90
Telecommunication Franchise Agreement	267,000	267,000	664,514	397,514
Tower Rentals	2,651,000	2,651,000	2,740,851	89,851
Arts Center:				
Admissions, rents and royalties	6,000	6,000	3,627	(2,373)
Community room rent	9,000	9,000	14,195	5,195
Concessions	300	300	584	284
Planetarium:				
Admissions,Discovery Shop, etc.	47,000	47,000	30,333	(16,667)
Senior Centers Reservation Fee	5,200	5,200	5,095	(105)
Smith Robertson Museum:				
Gift shop	750	750	663	(87)
Donations	4,400	4,400	3,762	(638)
Admissions, rental	5,200	5,200	4,878	(322)
Total admissions and rentals	<u>3,450,175</u>	<u>3,450,175</u>	<u>3,900,056</u>	<u>449,881</u>
Interest:				
Earned on investments	<u>204,800</u>	<u>204,800</u>	<u>77,521</u>	<u>(127,279)</u>
Total interest earned	<u>204,800</u>	<u>204,800</u>	<u>77,521</u>	<u>(127,279)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Revenues (Continued):				
Other Revenues:				
Public utility	\$ 4,610,814	\$ 4,610,814	\$ 4,221,553	\$ (389,261)
Franchise cable television	1,623,000	1,623,000	1,589,645	(33,355)
Water Sewer Franchise Fee	830,597	830,597	830,597	-
Nuclear power plant	1,594,985	1,594,985	1,602,934	7,949
Small animal control	3,500	3,500	9,695	6,195
Police-sale of weapons	-	-	17	17
Parking fee-City employees	10,000	10,000	12,180	2,180
Police	353,300	353,300	462,984	109,684
Public Safety Communications	40,000	40,000	2,667	(37,333)
Indirect cost	2,608,590	2,608,590	2,583,552	(25,038)
Street index books	1,000	1,000	60	(940)
Sale of land	10,000	10,091	3,857	(6,234)
Care and maintenance of public buildings	-	-	3,938	3,938
Downtown Jackson Partners	155,874	155,874	135,117	(20,757)
Rabies vaccination	-	-	1,091	1,091
Plumbing exam	-	-	75	75
Electrical exam	100	100	751	651
Penalty on demo/grass/weeds	150,000	150,000	83,806	(66,194)
Cemeteries-openings/closings	11,000	11,000	10,900	(100)
Site plan review planning	13,000	13,000	15,612	2,612
Construction plan review	3,000	3,000	-	(3,000)
Building & Permit misc	100,000	100,000	107,053	7,053
Cafeteria plan-flexible spending	150,000	150,000	134,744	(15,256)
Administrative fee-payroll deductions	13,000	13,000	14,048	1,048
Sale of maps, plans, and specifications	3,000	3,000	829	(2,171)
Traffic	1,000	9,113	4,305	(4,808)
Legal/City Clerk/Finance and Management	18,786	18,786	6,664	(12,122)
Fire Museum donations	1,000	1,000	580	(420)
Fire-Arson/Internal Affairs donations	-	630	910	280
Fire Department	2,700	2,700	4,997	2,297
Grants & Donations	65,000	130,462	47,622	(82,840)
I.D. Badge fee-city employee	600	600	690	90
Abstract fees	6,000	6,000	8,640	2,640
Settlement of insurance claim	82,000	2,082,689	2,054,710	(27,979)
Proceeds from assets and forfeitures	52,000	153,531	167,099	13,568
Hinds County - Outside Jail	-	198,206	280,013	81,807
P E G Revenue	209,044	209,044	149,489	(59,555)
Other	-	18,478	279,656	261,178
Total other revenues	12,722,890	15,116,090	14,833,080	(283,010)
Total revenues	116,660,290	119,292,780	119,094,791	(197,989)

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Expenditures:				
Current Operations:				
General Government				
Administration and Intra-governmental				
Personnel services	\$ 11,428,687	\$ 11,106,370	\$ 10,334,718	\$ 771,652
Supplies	1,080,354	1,525,403	947,676	577,727
Other services and charges	8,804,983	9,790,387	8,308,776	1,481,611
Capital outlay	2,513,568	2,838,460	3,112,971	(274,511)
Total Department of Administration	23,827,592	25,260,620	22,704,141	2,556,479
Personnel				
Personnel services	794,136	779,136	684,822	94,314
Supplies	14,557	13,657	6,276	7,381
Other services and charges	152,695	175,995	155,462	20,533
Capital Outlay	1,734	1,734	327	1,407
Total Department of Personnel	963,122	970,522	846,887	123,635
Planning				
Personnel services	2,633,099	2,635,768	2,559,016	76,752
Supplies	104,632	145,535	101,115	44,420
Other services and charges	4,077,326	4,487,115	4,172,794	314,321
Capital Outlay	5,388	5,012	1,478	3,534
Total Department of Planning	6,820,445	7,273,430	6,834,403	439,027
Total General Government	31,611,159	33,504,572	30,385,431	3,119,141
Department of Human and Cultural Services				
Health and Welfare				
Personnel supplies	1,227,291	1,239,243	1,207,804	31,439
Supplies	33,725	37,704	33,014	4,690
Other services and charges	1,837,231	1,846,184	675,501	1,170,683
Capital outlay	272,065	313,078	282,042	31,036
Total Health and Welfare	3,370,312	3,436,209	2,198,361	1,237,848
Culture and Recreation				
Personnel services	575,796	539,937	495,093	44,844
Supplies	96,933	104,258	80,114	24,144
Other services and charges	376,816	398,908	1,425,686	(1,026,778)
Capital outlay	-	10,770	2,275	8,495
Total Culture and Recreation	1,049,545	1,053,873	2,003,168	(949,295)
Total Department of Human and Cultural Services	4,419,857	4,490,082	4,201,529	288,553
Department of Public Safety				
Personnel services	48,788,401	47,783,331	45,530,939	2,252,392
Supplies	3,000,015	3,902,175	3,164,653	737,522
Other services and charges	3,841,154	4,414,839	3,719,969	694,870
Capital outlay	8,856,486	8,873,545	9,540,156	(666,611)
Total Department of Public Safety	64,486,056	64,973,890	61,955,717	3,018,173

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budget Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget- positive(negative)
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,967,215	\$ 7,809,315	\$ 7,070,463	\$ 738,852
Supplies	1,946,376	3,999,586	1,744,651	2,254,935
Other services and charges	3,086,722	2,960,985	2,594,919	366,066
Capital outlay	740,359	1,317,824	5,276,080	(3,958,256)
Total Department of Public Works	<u>13,740,672</u>	<u>16,087,710</u>	<u>16,686,113</u>	<u>(598,403)</u>
Current Operations				
Employee Benefits				
Supplies	65,000	105,000	94,554	10,446
Other services and charges	<u>1,881,403</u>	<u>1,819,403</u>	<u>1,615,253</u>	<u>204,150</u>
Total Employee Benefits	<u>1,946,403</u>	<u>1,924,403</u>	<u>1,709,807</u>	<u>214,596</u>
Total expenditures	<u>116,204,147</u>	<u>120,980,657</u>	<u>114,938,597</u>	<u>6,042,060</u>
Excess(deficiency) of revenues over expenditures	456,143	(1,687,877)	4,156,194	5,844,071
Other Financing Sources(Uses)				
Transfers in	849,239	999,410	274,804	724,606
Transfers out	(17,631,377)	(17,985,931)	(17,492,945)	(492,986)
Proceeds from long term debt	6,113,000	6,145,955	12,129,816	(5,983,861)
Sale of capital assets	170,000	170,000	97,397	72,603
Bond Issuance Cost	-	-	(204,757)	204,757
Total other financing sources(uses)	<u>(10,499,138)</u>	<u>(10,670,566)</u>	<u>(5,195,685)</u>	<u>(5,474,881)</u>
Net change in fund balance	<u>(10,042,995)</u>	<u>(12,358,443)</u>	<u>(1,039,491)</u>	<u>11,318,952</u>
Fund balances at beginning of year	33,965,853	33,965,853	33,965,853	-
Fund balances at end of year	<u>\$ 23,922,858</u>	<u>\$ 21,607,410</u>	<u>\$ 32,926,362</u>	<u>\$ 11,318,952</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Federal Grants Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	Budget Amount		Actuals Amounts	Variance with Final Budget - positive(negative)
	Original	Final		
REVENUES				
Intergovernmental	\$15,764,556	\$ 17,428,712	\$ 7,700,060	\$ (9,728,652)
Interest	-	-	3,900	3,900
Other	-	-	230,281	230,281
Total revenues	<u>15,764,556</u>	<u>17,428,712</u>	<u>7,934,241</u>	<u>(9,494,471)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,482,023	3,566,563	3,398,652	167,911
Supplies	869,284	965,265	684,160	281,105
Other Services and Charges	10,578,390	12,079,439	3,956,886	8,122,553
Capital Outlay	1,169,631	1,728,551	112,886	1,615,665
Debt Service:				
Interest and service charges	-	-	28,760	(28,760)
Total expenditures	<u>17,099,328</u>	<u>18,339,818</u>	<u>8,181,344</u>	<u>10,158,474</u>
Excess (deficiency) of revenues over expenditures	<u>(1,334,772)</u>	<u>(911,106)</u>	<u>(247,103)</u>	<u>(664,003)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	1,219,661	1,256,050	1,149,183	(106,867)
Transfers out:				
Enterprise Fund	-	-	(312,159)	(312,159)
Sale of capital assets	-	-	2,925	2,925
Total other financing sources (uses)	<u>1,219,661</u>	<u>1,256,050</u>	<u>839,949</u>	<u>(416,101)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(115,111)</u>	<u>344,944</u>	<u>592,846</u>	<u>247,902</u>
Fund balances at beginning of year	<u>1,535,945</u>	<u>1,535,945</u>	<u>1,535,945</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,420,834</u>	<u>\$ 1,880,889</u>	<u>\$ 2,128,791</u>	<u>\$ 247,902</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Improvement Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget- positive (negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 1,026,810	\$ 1,058,472	\$ 1,353,510	\$ 295,038
Intergovernmental Revenue	1,661,000	2,652,159	133,883	(2,518,276)
Interest	-	-	7,640	7,640
Other revenues	18,450	18,450	-	(18,450)
Total revenues	2,706,260	3,729,081	1,495,033	(2,234,048)
EXPENDITURES				
Current Operations				
Supplies	-	-	60,297	(60,297)
Other Services and Charges	5,646,344	7,575,198	2,010,692	5,564,506
Capital Outlay	16,725	94,526	22,488	72,038
Total expenditures	5,663,069	7,669,724	2,093,477	5,576,247
Deficiency of revenues over (under) expenditures	(2,956,809)	(3,940,643)	(598,444)	(3,342,199)
OTHER FINANCING SOURCES(USES)				
Transfers in general fund	1,163,000	1,163,000	1,163,000	-
Transfers in water/sewer	-	1,312,789	1,312,789	-
Total other financing sources and uses	1,163,000	2,475,789	2,475,789	-
Net change in fund balances	(1,793,809)	(1,464,854)	1,877,345	(3,342,199)
Fund balances at beginning of year	1,391,819	1,391,819	1,391,819	-
Fund balances at end of year	\$ (401,990)	\$ (73,035)	\$ 3,269,164	\$ (3,342,199)

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Net Position
Proprietary Funds
As of September 30, 2013

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 4,272,261	\$ 1,116,806	\$ 53,417	\$ 5,442,484	\$ 1,719,792
Accounts receivable, less allowances	26,917,007	6,512,284	-	33,429,291	82,759
Intergovernmental receivables	1,572,632	-	2,795,358	4,367,990	-
Other receivables	5,344,764	-	-	5,344,764	-
Restricted Assets					
Cash and cash equivalents	16,559,338	-	-	16,559,338	-
Inventories	1,567,929	-	-	1,567,929	-
Total Current Assets	<u>56,233,931</u>	<u>7,629,090</u>	<u>2,848,775</u>	<u>66,711,796</u>	<u>1,802,551</u>
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents	16,649,064	-	-	16,649,064	-
Investments	100,797,819	-	-	100,797,819	-
Total Noncurrent Assets	<u>117,446,883</u>	<u>-</u>	<u>-</u>	<u>117,446,883</u>	<u>-</u>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,830,080	57,301	187,903	118,075,284	-
Water plant, distribution system and equipment	258,742,877	-	943,632	259,686,509	-
Automotive and other equipment	14,825,667	3,016,697	11,184,243	29,026,607	-
	392,786,623	3,073,998	12,765,778	408,626,399	-
Less: accumulated depreciation	<u>(207,985,035)</u>	<u>(1,975,394)</u>	<u>(6,528,720)</u>	<u>(216,489,149)</u>	<u>-</u>
	184,801,588	1,098,604	6,237,058	192,137,250	-
Construction in Progress	179,644,018	-	2,438,114	182,082,132	-
Net property, plant and equipment	<u>364,445,606</u>	<u>1,098,604</u>	<u>8,675,172</u>	<u>374,219,382</u>	<u>-</u>
Total assets	<u>\$ 538,126,420</u>	<u>\$ 8,727,694</u>	<u>\$ 11,523,947</u>	<u>\$ 558,378,061</u>	<u>\$ 1,802,551</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Net Position
Proprietary Funds
As of September 30, 2013

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Liabilities and Fund Equity					
Current Liabilities Payable from Unrestricted Assets:					
Accounts/claims payable	\$ 3,861,865	\$ 847,685	\$ 193,072	\$ 4,902,622	\$ 1,121,407
Due to other funds	-	-	4,067,463	4,067,463	-
Compensated absences	257,387	23,179	9,006	289,572	-
Note payable	2,727,269	-	-	2,727,269	-
Retainage payable	4,187,348	-	-	4,187,348	-
Customer deposits	4,300,811	-	-	4,300,811	-
Current portion of Long-Term Debt:					
Lease obligations	1,120,649	206,639	219,587	1,546,875	-
State Department of Environmental Quality	1,654,006	-	-	1,654,006	-
Total Current Liabilities Payable from Unrestricted Assets	18,109,335	1,077,503	4,489,128	23,675,966	1,121,407
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	5,605,000	-	-	5,605,000	-
Accrued interest payable	539,750	-	-	539,750	-
Total Current Liabilities Payable from Restricted Assets	6,144,750	-	-	6,144,750	-
Total Current Liabilities	24,254,085	1,077,503	4,489,128	29,820,716	1,121,407
Post Employment Benefits accrual	2,976,682	370,541	49,406	3,396,629	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Compensated absences	206,225	44,919	-	251,144	-
Revenue bonds	247,812,579	-	-	247,812,579	-
(net of unamortized discount/premium)					
Lease obligations	2,006,232	213,757	370,452	2,590,441	-
State Department of Environmental Quality	13,999,190	-	-	13,999,190	-
Total Long-Term Debt	264,024,226	258,676	370,452	264,653,354	-
Total Liabilities	291,254,993	1,706,720	4,908,986	297,870,699	1,121,407
Net Position					
Invested in capital assets, net of related debt	92,247,949	678,208	8,085,133	101,011,290	-
Unrestricted	154,623,478	6,342,766	(1,470,172)	159,496,072	681,144
Total Net Position	246,871,427	7,020,974	6,614,961	260,507,362	681,144
Total liabilities and net position	\$ 538,126,420	\$ 8,727,694	\$ 11,523,947	\$ 558,378,061	\$ 1,802,551

The notes in the financial statements are an integral part of this statement.

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2013

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Sales to customers	\$ 44,052,148	\$11,310,872	\$ 676,999	\$ 56,040,019	\$ -
Contributions	-	-	-	-	4,838,542
Contributions - City Match	-	-	-	-	2,931,695
Other revenues	68,628	33,316	480,108	582,052	468,758
Total Operating Revenues	44,120,776	11,344,188	1,157,107	56,622,071	8,238,995
Operating Expenses:					
Personnel services	10,438,837	1,158,092	221,643	11,818,572	-
Supplies	4,712,482	324,838	854,221	5,891,541	-
Other services and charges	21,021,583	9,893,952	5,738,794	36,654,329	14,347,908
Depreciation	8,807,942	321,753	821,075	9,950,770	-
Total operating expenses	44,980,844	11,698,635	7,635,733	64,315,212	14,347,908
Operating income (loss)	(860,068)	(354,447)	(6,478,626)	(7,693,141)	(6,108,913)
Nonoperating revenues (expenses):					
Interest revenue	245,826	3,192	119	249,137	3,114
Interest and service charges on long-term debt and capitalized lease obligations	(3,503,063)	-	-	(3,503,063)	-
Gain (loss) on sale of capital assets	15,245	-	-	15,245	-
Amortization of bond issuance cost	(407,646)	-	-	(407,646)	-
Total nonoperating revenues (expenses)	(3,649,638)	3,192	119	(3,646,327)	3,114
Income (loss) before contributions and transfers	(4,509,706)	(351,255)	(6,478,507)	(11,339,468)	(6,105,799)
Capital contributions from grants	1,481,704	39,225	3,154,366	4,675,295	-
Transfers In:					
General Fund	-	-	4,409,563	4,409,563	6,760,123
Special Revenue Fund	-	312,159	-	312,159	-
Enterprise Fund	-	-	92,098	92,098	-
Capital Projects Fund	8,933,503	-	-	8,933,503	-
Transfers Out:					
General Fund	(252,630)	(15,544)	-	(268,174)	-
Enterprise Fund	(92,098)	-	-	(92,098)	-
Special Revenue Fund	(1,775,540)	-	-	(1,775,540)	-
Debt Service Fund	(2,026,671)	-	-	(2,026,671)	-
Total Transfers In (Out)	4,786,564	296,615	4,501,661	9,584,840	6,760,123
Change in Net Position	1,758,562	(15,415)	1,177,520	2,920,667	654,324
Total net position - beginning, as previously reported	245,014,389	7,036,389	5,437,441	257,488,219	26,820
Prior period adjustment	98,476	-	-	98,476	-
Total net position - beginning, as restated	245,112,865	7,036,389	5,437,441	257,586,695	26,820
Total net position - ending	\$ 246,871,427	\$ 7,020,974	\$ 6,614,961	\$ 260,507,362	\$ 681,144

City of Jackson
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 35,428,433	\$ 10,697,284	\$ 676,999	\$ 46,802,716	\$ 7,770,237
Receipts from other revenue	68,628	33,316	(1,656,716)	(1,554,772)	461,351
Payments to suppliers	(26,370,733)	(10,221,626)	(5,577,713)	(42,170,072)	(13,635,013)
Payments to employees	<u>(9,829,577)</u>	<u>(1,084,778)</u>	<u>(217,992)</u>	<u>(11,132,347)</u>	<u>-</u>
Net Cash provided by (used for)					
Operating Activities	<u>(703,249)</u>	<u>(575,804)</u>	<u>(6,775,422)</u>	<u>(8,054,475)</u>	<u>(5,403,425)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	8,933,503	312,159	4,501,661	13,747,323	6,760,123
Transfers Out	<u>(4,146,939)</u>	<u>(15,544)</u>	<u>-</u>	<u>(4,162,483)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>4,786,564</u>	<u>296,615</u>	<u>4,501,661</u>	<u>9,584,840</u>	<u>6,760,123</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(23,912,868)	(538,797)	(758,270)	(25,209,935)	-
Proceeds from sale of capital assets	15,245	-	-	15,245	-
Proceeds from capital debt	99,540,043	-	76,540	99,616,583	-
Principal paid on capital debt	(7,372,929)	(323,514)	(212,094)	(7,908,537)	-
Proceeds from capital contributions	1,481,704	39,225	3,154,366	4,675,295	-
Proceeds from capital debt - premium and discount	14,143,535	-	-	14,143,535	-
Interest paid on capital debt	<u>(6,544,747)</u>	<u>-</u>	<u>-</u>	<u>(6,544,747)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>77,349,983</u>	<u>(823,086)</u>	<u>2,260,542</u>	<u>78,787,439</u>	<u>-</u>
Cash Flow Provided by (Used for) Investing Activities:					
Purchase of investment securities	(98,764,533)	-	-	(98,764,533)	-
Interest on investments	<u>245,826</u>	<u>3,192</u>	<u>119</u>	<u>249,137</u>	<u>3,114</u>
Net Cash provided by investing activities	<u>(98,518,707)</u>	<u>3,192</u>	<u>119</u>	<u>(98,515,396)</u>	<u>3,114</u>
Net increase (decrease) in cash and cash equivalents	<u>(17,085,409)</u>	<u>(1,099,083)</u>	<u>(13,100)</u>	<u>(18,197,592)</u>	<u>1,359,812</u>
Cash and cash equivalents at beginning of year	<u>54,566,072</u>	<u>2,215,889</u>	<u>66,517</u>	<u>56,848,478</u>	<u>359,980</u>
Cash and cash equivalents at end of year	<u>\$ 37,480,663</u>	<u>\$ 1,116,806</u>	<u>\$ 53,417</u>	<u>\$ 38,650,886</u>	<u>\$ 1,719,792</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ (860,068)	\$ (354,447)	\$ (6,478,626)	\$ (7,693,141)	\$ (6,108,913)
Prior period adjustment	98,476	-	-	98,476	-
Depreciation Expense	8,807,942	321,753	821,075	9,950,770	-
(Increase) decrease in accounts receivable, net	(3,057,637)	(613,588)	-	(3,671,225)	(7,407)
(Increase) decrease in inventories	275,449	-	-	275,449	-
(Increase) decrease in other receivable	(5,566,078)	-	(2,131,481)	(7,697,559)	-
(Increase) decrease in deferred charges	162,041	-	-	162,041	-
(Increase) decrease in due to other funds	-	-	1,138,519	1,138,519	-
Increase (decrease) in accounts payable and retainage	(1,086,998)	(2,836)	(128,560)	(1,218,394)	712,895
Increase (decrease) in accrued interest payable	(18,345)	-	-	(18,345)	-
Increase (decrease) in compensated absences	8,140	(2,584)	283	5,839	-
Increase (decrease) in customer deposits	36,007	-	-	36,007	-
Increase (decrease) in other liabilities	497,822	75,898	3,368	577,088	-
Total adjustments	156,819	(221,357)	(296,796)	(361,334)	705,488
Net cash provided by (used for) operating activities	<u>\$ (703,249)</u>	<u>\$ (575,804)</u>	<u>\$ (6,775,422)</u>	<u>\$ (8,054,475)</u>	<u>\$ (5,403,425)</u>
Noncash Investing, Capital, and Financing					
Activities:					
Borrowing under capital lease	\$ 1,989,445	\$ -	\$ 76,540		
Recap of cash and cash equivalents:					
Cash and cash equivalents	\$ 4,272,261	\$ 1,116,806	\$ 53,417	\$ 5,442,484	\$ 1,719,792
Restricted cash and cash equivalents	33,208,402	-	-	33,208,402	-
	<u>\$ 37,480,663</u>	<u>\$ 1,116,806</u>	<u>\$ 53,417</u>	<u>\$ 38,650,886</u>	<u>\$ 1,719,792</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF JACKSON
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 441,372	\$ 12,242
Investment at fair value:		
Certificate of deposit	<u>32,270</u>	<u>-</u>
Total assets	<u>\$ 473,642</u>	<u>\$ 12,242</u>
Liabilities and Net Position		
Liabilities:		
Payables to others	\$ <u>-</u>	\$ <u>12,242</u>
Total liabilities	<u>-</u>	<u>\$ 12,242</u>
Net Position:		
Held in trust	<u>473,642</u>	
Total net position	<u>473,642</u>	
Total liabilities and net position	<u>\$ 473,642</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF JACKSON
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 1,449
Other additions	<u>209,274</u>
Total additions	\$ <u>210,723</u>
Deductions:	
General government Trust funds	\$ <u>166,338</u>
Total deductions	<u>166,338</u>
Change in Net Position	44,385
Net position at beginning of year	<u>429,257</u>
Net position at end of year	\$ <u><u>473,642</u></u>

The notes to the financial statements are an integral part of this statement.

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**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies

A. REPORTING ENTITY

The City of Jackson, Mississippi (the City) is incorporated under the Laws of the State of Mississippi. The City operates under the Mayor-Council form of government with a full-time Mayor elected from the City at large and seven part-time Council members (City Council) elected from wards. The City's major operations include police and fire protection, parks and recreation, public works, public transit system, urban development and general administrative services. In addition, the City owns and operates a water and sewer system.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

In evaluating the City as a reporting entity, management has addressed potential component units for which the City may or may not be financially accountable and as such, be included within the City's financial statements. The component units discussed below are included because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit

Using the criteria above, management has determined that the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission should be reported as discretely presented component units of the City. The discretely presented component units are reported in separate columns in the government-wide statements to emphasize they are legally separate from the primary government. The following is a summary of the City's discretely presented component units.

The Jackson Redevelopment Authority (JRA) was established in 1968 under Section 43-35-1 through 235 of the Mississippi Code of 1942, as annotated. In 1970, JRA became the Parking Authority for the City under the same statute. The Mayor of the City makes appointments to a seven-member Board of Commissioners for staggered five-year terms to oversee the operations of JRA. Members may be removed from office for inefficiency, neglect of duty or misconduct in office. The City Council appropriates the administrative operating budget and must review and approve any amendments or budgetary adjustments. The City Council is responsible for designation of those urban renewal projects undertaken by JRA. The City makes annual contributions necessary to pay a portion of JRA's urban renewal bonds and has agreed to make payment of substantially all of the outstanding bonds. JRA operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for JRA may be obtained at its administrative office located at 218 South President Street, Jackson, Mississippi 39201.

The Capital City Convention Center Commission, a non-profit corporation, was authorized to be created by House Bill 1832 during the 2004 Regular Session of the Mississippi State Legislature. The entity is governed by nine commissioners. The Mayor of the City appoints hotel/motel members for initial terms of one and three years, respectively, restaurant members for initial terms of two and four years, respectively. The Mayor appoints two members representing the business community for initial terms of one and five years, respectively. The Mayor appoints two members at large for initial terms of two and three years, respectively. One member is appointed by the Governor of Mississippi for an initial term of four years.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

A. REPORTING ENTITY (Continued):

The City issued \$65,000,000 of General Obligation Bonds for the development of the proposed Convention Center. The Capital City Convention Center Commission has jurisdiction and authority over all matters relating to the acquisition, construction, furnishing, equipping, erection, operation, maintenance, and promotion of a convention center. The Commission submits its budget and certain other planned actions to the City for comment prior to initiation. The Commission operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for the Capital City Convention Center Commission may be obtained at P. O. Box 3563, Jackson, Mississippi 39207.

Related Organizations

The following four agencies are non-profit corporations established within the City of Jackson. The Mayor appoints the board members of each respective agency as confirmed by the City Council. Each agency is fiscally independent from the City of Jackson, issues its debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City of Jackson is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

Airport Authority
100 International Drive
Jackson, MS 39208

Jackson Housing Authority
2747 Livingston Road
Jackson, MS 39213

Jackson Public School District
662 South President Street
Jackson, MS 39201

Metro Jackson Convention & Visitors Bureau
921 North President Street
Jackson, MS 39202

Joint Ventures

The Jackson/Hinds Library System (the System) operates under a joint agreement between the City and Hinds County and is funded equally by the City and the County. The joint agreement was effective October 1, 1986. All buildings used by the System within the City of Jackson are owned and maintained by the City and, as such, have been included in the capital assets of governmental activities. The Jackson/Hinds Library System's financial statements may be obtained by writing to 300 North State Street, Jackson, MS 39201.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's water/sewer, sanitation, and public transit services are classified as business-type activities.

In the government-wide Statement of Net position, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS (Continued):

The government-wide Statement of Activities reports both the gross and net costs of each of the City's functions and business-type activities (police, fire, public works, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, public works, etc.) or a business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The net costs (by function or business-type activities) are normally covered by general revenue (property, sales or gas tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect cost. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds and proprietary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Major individual governmental funds are reported as separate columns in the fund financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Proprietary Funds and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds and Internal Service Funds include the cost of sales and services, direct administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds are used to report resources in a purely custodial capacity (assets equal liabilities). So, agency funds cannot be said to have a measurement focus, however, they do use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major government funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

Federal Grant Fund - This fund is used to account for proceeds of various federal grant programs.

Debt Service Fund - This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of the Enterprise Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

Improvement Fund - This fund is used to account for revenues that are legally restricted for improvements to City facilities. The revenues are provided by external grantors.

1998 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$35,000,000 issued to finance certain projects including storm drainage systems, construction of a youth detention center, and repairing buildings.

2003 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$20,000,000 issued to finance certain projects including storm drainage systems, repairing and the construction of municipal buildings, infrastructures, and other related improvements.

2006 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$65,000,000 issued to finance the acquisition, construction, equipping, and furnishing of a convention center in the City to be known as the Capital City Convention Center and other authorized costs.

2009 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$26,210,000 issued to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways and public parking facilities.

Capitol Street 2-Way - This fund is used to account for revenues restricted for improvements to Capitol Street.

The City reports the following major proprietary funds:

Water/Sewage Disposal System Fund - This fund accounts for activities associated with the provision of water, sewerage and water pollution control services to individuals, organizations and other governmental units within and around the City.

Sanitation Fund - This fund accounts for activities associated with the City's sanitation and recycling service.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):

Additionally, the City reports the following fund types:

Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The City has three trust funds, the Unemployment Compensation Revolving Fund, the Charitable Trust Fire and Police Fund, and the Mausoleum Trust Fund. The function of the City's principal employee benefit trust fund, the Unemployment Compensation Revolving Fund, is discussed in NOTE 6.A.2. The function of the Charitable Trust Fire and Police Fund is to account for contributions from the public sector which is held in trust for fire and police allowable claims. The function of the Mausoleum Trust Fund is to maintain and upkeep the Henry Mausoleum.

The purpose of the City's Agency Funds is to collect and remit to the related organizations the property taxes collected and proceeds of a special sales tax received from the State. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral as further discussed in Note 4.A, is pledged by the various financial institutions to secure City funds.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Investments

Investments are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned. Statutes authorize the City to invest in U.S. Government obligations,

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

3. Investments (Continued)

U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. Government.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the City of Jackson, in consultation with its investment advisors and custodial bank, has determined the fair values.

4. Restricted Assets

Certain proceeds of the City's Proprietary Fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and trust accounts and their use is limited by applicable bond covenants. Restricted amounts in governmental activities include amounts set aside by law for state tort claims and amounts accumulated for general obligation bond debt service.

5. Inventories

Inventories are priced at cost using the weighted average method. Inventories are accounted for using the consumption method and are not charged out until used. Inventories consist of major stores of materials and supplies held at central locations. The user departments and other funds of the City are charged for the cost value of the items, as they are withdrawn from inventory.

6. Capital Assets

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$1,000, infrastructure - \$100,000, and construction in progress – based on the project's class. The cost of normal maintenance and repair that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures within governmental activities are not capitalized.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

6. Capital Assets (Continued):

Interest is capitalized on proprietary fund assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. The proceeds from the sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

7. Compensated Absences

The City accrues accumulated unpaid personal leave and associated employee-related cost when earned (or estimated to be earned) by employees up to 240 hours. For the Proprietary Funds and the government-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated by the following funds: general fund, special revenue, transportation, sanitation & water/sewer.

8. Bond Discounts, Bond Premiums and Issuance Costs

In the governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Sources/Uses".

In the proprietary funds and government-wide financial statements, bond discounts, bond premiums and issuance costs are deferred and amortized over the terms of the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable. Bond issuance costs, excluding any prepaid bond issuance, are reported as expenses in the year of the debt issuance. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

9. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near fair market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

10. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are recognized at the levy date. All property taxes are billed, collected and recognized as revenue within the same period for which they are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In, applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provided and deferred revenue by the recipient.

11. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

12. Reserves and Designations

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. City has a municipal bond debt service reserve insurance policy for the proprietary funds in lieu of cash. Amounts reserved for state tort claims represent amounts required by state law to be segregated for these purposes. The unreserved designated fund balance of the Capital Projects Funds is appropriated for expenditures in future years.

13. Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net investments in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investments in capital assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

14. Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

14. Fund Balance (Continued)

Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed - Amounts formally designated by City Council through equally binding ordinances or resolutions for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use.

Assigned - This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council, Mayor or their designee as established in the City's Fund Balance Policy.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

15. Fund Balance/Net Position Policy

The City has adopted a fund balance / net position policy that is tailored to the needs of the City to ensure against unanticipated events that would adversely affect the financial condition of the City and will not jeopardize the continuation of necessary public services. This policy will ensure the City maintains adequate fund balance / net position and reserves in the City's various operating funds to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

The City will maintain reservations of Fund Balance / Net Position in the General Fund and Proprietary funds of the City. The City shall retain the minimum requirement for each fund listed below.

General Fund - There shall be a reservation (unassigned) of fund balance equal to 7.5% of the adopted General Fund operating revenues. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 15th for the subsequent fiscal year. The reserve shall be in addition to all other reserves or designations of the fund balance, including but not limited to reserves for encumbrances, donations, advances to other funds, designations for compensated absences, and insurance.

Enterprise Fund - The City maintains a Sanitation Fund, Water and Sewer Fund, and Transportation Fund. Under the Water Sewer Bond Ordinance, the following Fund Balance/Reserves are required: 1/12 of O&M budget for Operation & Maintenance; 1/12 of actual debt service; and, 2/12 of O&M budget for Contingent Fund.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

15. Fund Balance/Net Position Policy (Continued)

The total Required Fund Balance/Reserve for 2012 is \$14,261,103 and this amount is on deposit at September 30, 2013.

Replenishment of Reserve Deficits - If, at the end of any fiscal year, the actual amount of unassigned fund balance or unassigned net position falls below the required fund levels set forth herein, the Mayor shall prepare and submit a plan for expenditure or expense reductions and / or revenue increases to the City Council. As a part of the annual budget review, the City Council shall review and, if necessary, amend the plan submitted by the Mayor for restoring the amounts of unassigned fund balance or unassigned net position to the required levels.

16. Pension Expenses

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in NOTE 6.F.

17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Actual results could differ from those estimates.

18. Current Year Adoption of New Standards and Restatement of Net Position

The City adopted the following recently issued GASB Standards in the preparation of this Comprehensive Annual Financial Report.

GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred
Inflows of Resources, and Net Position

GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities

The net effect to the city-wide Statement of Net Position for the prior period from the adoption of GASB 65 is as follows:

<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total Net Position, September 30, 2012 as previously reported	\$ 161,261,325	\$ 257,488,219
Bond issuance costs not expensed as of September 30, 2012	(1,065,867)	(1,052,058)
Net Adjustment to reconcile unamortized bond discount and premium	-	1,150,534
Net Adjustment to reconcile long-term debt	<u>3,057,477</u>	<u>-</u>
Total Net Position, September 30, 2012 as restated	<u>\$ 163,252,935</u>	<u>\$ 257,586,695</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

19. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

All of the primary government's deferred outflows of resources on the statement of net position are a result of deferrals concerning bonded debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred amount on refunding of debt is reported in the deferred inflows or deferred outflow sections of the statement of position.

The governmental funds report unavailable revenues from two sources: property taxes and Federal and State financial assistance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

20. New Accounting Pronouncements

During the fiscal year 2013 the City implemented the following GASB pronouncements:

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs). It improves financial reporting by establishing recognition, measurement and SCA disclosure requirements for both transferors and governmental operators. The requirements of Statement 60 are effective for periods beginning after December 15, 2011.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This Statement includes amendments to GASB Statement No. 14 and GASB Statement No. 34 that better address user needs and reporting entity issues that arose after the issuance of those Statements. Statement 61 modifies requirements for inclusion of component units, amends the criteria for reporting components and clarifies the reporting of equity interests in legally separate organizations. The provisions of this Statement are effective for periods beginning after June 15, 2012.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates generally accepted accounting principles for state and local governments issued from all sources that do not conflict with, or contradict GASB pronouncements, into one. This Statement supersedes GASB Statement No. 20 and eliminates the election in paragraph 7 of Statement No. 20 that allowed enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with GASB pronouncements. The requirements of this Statement are effective for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement calls for deferred outflows of resources to be reported separately from assets, and for deferred inflows of resources to be reported separately from liabilities. The net difference between these elements are described as net position, rather than as net assets. The requirements of this Statement are effective for periods beginning after December 15, 2011.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):

20. New Accounting Pronouncements (Continued)

In April 2012, GASB issued Statement No. 65, *Elements of Financial Statements*. This Statement specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of this Statement are effective for periods beginning after December 15, 2012.

The City will adopt the following new accounting pronouncements in future years:

In April 2012, GASB issued Statement No. 66, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. This Statement amends Statement No. 10 by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

In June 2012, GASB issued Statement No. 68: The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

The impact of these pronouncements on the City's financial statements has not been determined.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 2 – Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$197,742 difference are as follows (in thousands):

Bonds payable	\$ 160,376
Less: Issuance premium	7,859
Less: Issuance discount (to be amortized as interest expense)	(310)
Deferred bond issuance cost	(69)
Accrued interest payable	777
Capital leases payable	18,167
Claims and judgments	2,078
Compensated absences	4,380
Workers’ Compensation Benefits	<u>4,484</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 197,742</u>

Another element of that reconciliation explains that “Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$681 difference are as follows (in thousands):

Net position of the internal service funds	<u>\$ 681</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 681</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$8,530 difference are as follows (in thousands):

Capital outlay	\$ 14,907
Depreciation expense	<u>(6,377)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 8,530</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$67,685 difference are as follows (in thousands):

Principal repayments:	
General obligation debt	\$ 64,570
Limited obligation debt	480
Other debt	<u>2,635</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 67,685</u>

Another element of that reconciliation states that "The activities from debt related transactions include new capital lease proceeds reported in the fund statements and retirement of prior lease." The details of this \$1,109 difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 12,144
Principal repayments:	
Payment on capital lease	<u>(11,035)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,109</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this (\$4,495) difference are as follows (in thousands):

Compensated absences	(\$ 296)
Workers' compensation benefits	8
Claims and judgments	9
Accrued interest	46
Amortization of bond premium	(4,423)
Amortization of bond discounts	(182)
Amortization of deferred costs	<u>343</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>(\$ 4,495)</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities
(Continued):**

Another element of that reconciliation states that "Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements." The details of this \$1,005 difference are as follows (in thousands):

Property taxes receivable	\$ 1,005
Special assessments receivable	<u>(3)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,002</u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$1,346 difference are as follows (in thousands):

Change in net position of the internal service funds	<u>\$ 1,346</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,346</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 3 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing budgetary data reflected in the financial statements.

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division of the Department of Administration by June 1 each year.
3. The Finance Division of the Department of Administration reviews the expenditure budgets, and the necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared by July 1, and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds (with the exception of the 1986 Industrial Park, the 1992 Special Assessment and the 1996 Metro Station Funds), Enterprise Funds, Internal Service Fund and Trust Funds (with the exception of the Charitable Trust Fire and Police Fund). Budgets for the Enterprise Funds are prepared on a GAAP basis but exclude depreciation and bad debt expense and include debt retirement payments. The General Fund, Debt Service Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund and Trust Funds are prepared in accordance with GAAP. Budget and actual comparisons are presented in the accompanying financial statements for all governmental type funds for which a budget is adopted.

During the fiscal year, several adjustments are normally required to the adopted budget. The approved budget may be amended as required in accordance with the following protocol:

- a. Revenues are reviewed at least quarterly, and the projections are adjusted if warranted. These adjustments to expected revenues, if material, can precipitate adjustments to the expenditure budget.
- b. Adjustments to transfer approved expenditure budgets from one department to another or to transfer from one category to another within a department must be approved by the City Council.
- c. All new appropriations must be approved by the City Council and are normally submitted by the Mayor's Office.

The legal level of control for all budgets adopted is at the category level by funds with the exception of the General Fund, which is appropriated at the category level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 3 – Stewardship, Compliance and Accountability (Continued):

A. BUDGETARY INFORMATION (Continued):

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The Finance Division of the Department of Administration advises the Mayor whenever a requested expenditure will exceed budgeted amounts. The City Council may approve expenditures in excess of budgeted amounts in various funds or departments as appropriate, as long as total annual expenditures do not exceed available resources. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts as originally adopted were amended by the City Council in September 2013 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 132,933	\$ 138,064	\$ 5,131
Special Revenue Funds	42,449	45,769	3,320
Debt Service Fund	11,583	82,338	70,755
Capital Projects Funds	17,950	43,203	25,253
Enterprise Funds	221,909	345,583	123,674
Internal Service Fund	15,174	15,174	-
	<u>\$ 441,998</u>	<u>\$ 670,131</u>	<u>\$ 228,133</u>

9. Unexpended appropriations lapse at year end in all funds.

B. DEFICIT FUND EQUITY

The City has no deficit fund equity by individual fund as of September 30, 2013.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds

A. DEPOSITS AND INVESTMENTS

1. Policies and Practices

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

2. Deposits – Primary government

At year end, the carrying amount of the City's deposits was \$ 95,352,608 and the bank balances totaled \$78,922,136. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$76,162,162 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

3. Investments – Primary Government

As of September 30, 2013, the City had investments consisting of U.S. Agencies at a total fair value of \$100,797,819 with a total Portfolio Weighted Average maturity of less than one year.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to losses from rising interest rates, the City's investment policy limits investment maturities in its portfolio to no more than 12 months for U.S. Treasury obligations for all investments except bond funds. With respect to bond funds, the City can invest in obligations of U.S. federal agencies for no more than 18 months.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possessions of an outside party. Consistent with the City's investment policy, all investments above are held by a counterparty and are not insured but are backed by the U. S. government.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- Money market mutual funds where portfolios consist entirely of U. S. governmental and/or federal agency securities
- Bonds or direct obligations of the:
 - United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

A. DEPOSITS AND INVESTMENTS (Continued):

4. Cash and Investments - Component Units

The component unit's policy is to invest available funds in the following types of investments: 1) direct obligations of the U. S. of America, including such instruments as treasury bills, treasury notes and treasury bonds; 2) obligations of U. S. Government agencies that are deliverable on the Federal Reserve System; 3) Repurchase agreements in U. S. Government securities made with dealers that report to and are regulated by the Federal Reserve Bank; 4) deposits with financial institutions which are insured or are fully collateralized by qualifying securities.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). As of September 30, 2013 all of the component unit's cash deposits in excess of the amounts covered by the FDIC were covered under the collateral pool administered by the State Treasurer.

Investments are reflected at cost, which approximates fair value. These investments were uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2013, investments of the component unit consisted of the following (in thousands):

Capital City Convention Center Commission
Certificate of deposit:
Unrestricted \$ 500

B. RECEIVABLES

Receivables at September 30, 2013, for the primary government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	General	Debt Service	Water and Sewer	Sanitation	Improvement	Federal Grant	2003 GO Bond	Nonmajor and Other Funds	Capitol Street 2-Way	Total
Receivables:										
Accounts receivable	\$ -	\$ -	\$ 26,917	\$ 6,512	\$ -	\$ -	\$ -	\$ 83	\$ -	\$ 33,512
Intergovernmental	29	-	1,573	-	80	1,198	943	2,795	187	6,805
Other	<u>61,156</u>	<u>3,563</u>	<u>5,345</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>500</u>	<u>8,159</u>	<u>-</u>	<u>78,851</u>
Gross receivables	<u>\$61,185</u>	<u>\$ 3,563</u>	<u>\$ 33,835</u>	<u>\$ 6,512</u>	<u>\$ 80</u>	<u>\$ 1,202</u>	<u>\$ 1,443</u>	<u>\$ 11,037</u>	<u>\$ 187</u>	<u>\$ 119,168</u>

Receivables of Water and Sewer are reported net of uncollectible amounts.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

1. Property taxes

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds, Rankin and Madison Counties bill and collect the real, personal and auto ad valorem taxes for the City of Jackson, Jackson Municipal Separate School District and the Jackson/Hinds Library System. Automobile taxes are remitted monthly and real and personal taxes are remitted on a weekly basis to the City of Jackson. Hinds County remits directly to the Jackson Municipal Separate School District taxes collected for all school funds except the Bond and Interest Fund in accordance with State law. Hinds County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due on February 1 and one-fourth each on May 1 and August 1.

Tax millage levies for 2012 were collected in the current fiscal year and statutory maximum millage rates were as follows:

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	46.61	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	3.04	Debt retirement	None
Disability and Relief Fund	<u>4.89</u>	Retirement	None
Total City of Jackson	<u>56.54</u>		
Jackson/Hinds Library System	<u>1.49</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	62.58	Public schools	None
Special Debt Retirement Levy	2.36	public schools	None
Special Debt Retirement Bond	3.72	Public schools	None
Special Debt Retirement	<u>8.83</u>	Public schools	None
	<u>77.49</u>		
Total mills	<u>135.52</u>		

The City levies an assessment for the Landscape Improvement fund which consists of nine cents of the gross square footage of land and building of property owners located in the downtown development district.

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon assessed valuation of properties.

Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

1. Property taxes (Continued):

The State levies a 7% sales tax on retail sales and remits 18.5% of collections to the City monthly. Intergovernmental revenue of the General Fund includes \$29,902,372 of sales tax revenue.

In accordance with the Local and Private Act, since January 1, 2005 the City has levied, assessed and is collecting: (a) tax of 1% of the gross proceeds of sales of restaurants and of sales of food and beverages in the hotels and motels, within the City; (b) a tax of 3% of the gross proceeds of sales of hotel and motel rooms and lodging within the City; and (c) a tax of 3% of gross proceeds of sales at the Convention Center by caterers. The tax is primarily to be used for debt service payments on bonds issued for the construction of a convention center.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 1,364,067
Interest on delinquent property taxes receivable (general fund)	773,397
Special assessments not yet due (debt service fund)	97,069
Current year tax assessments (all funds)	67,308,225
Grant drawdowns prior to meeting all eligibility requirements	374,086
Total unearned revenue for governmental funds	<u>\$ 69,916,844</u>

C. CHANGES IN CAPITAL ASSETS

1. Primary government capital asset activity for the year ended September 30, 2013, was as follows (thousands):

	Balance September 30, 2012	Additions	Deletions	Balance September 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,500	\$ -	\$ 57	\$ 14,443
Construction in progress	93,986	10,261	5,681	98,566
Total capital assets not being depreciated	<u>108,486</u>	<u>10,261</u>	<u>5,738</u>	<u>113,009</u>
Capital assets being depreciated:				
Buildings	81,480	-	-	81,480
Infrastructure	214,246	5,711	-	219,957
Automotive and equipment	70,639	6,236	1,563	75,312
Total capital assets being depreciated	<u>366,365</u>	<u>11,947</u>	<u>1,563</u>	<u>376,749</u>
Less accumulated depreciation for:				
Buildings	(25,600)	(1,490)	-	(27,090)
Infrastructure	(99,338)	(3,418)	-	(102,756)
Automotive and equipment	(58,675)	(3,031)	1,563	(60,143)
Total accumulated depreciation	<u>(183,613)</u>	<u>(7,939)</u>	<u>1,563</u>	<u>(189,989)</u>
Total capital assets being depreciated, net	<u>182,752</u>	<u>4,008</u>	<u>-</u>	<u>186,760</u>
Total governmental activities capital assets, net	<u>\$ 291,238</u>	<u>\$ 14,269</u>	<u>\$ 5,738</u>	<u>\$ 299,769</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

	Balance September 30, 2012	Additions	Deletions	Balance September 30, 2013
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	158,539	23,543	-	182,082
Total capital assets not being depreciated	<u>160,377</u>	<u>23,543</u>	<u>-</u>	<u>183,920</u>
Capital assets being depreciated:				
Buildings	118,075	-	-	118,075
Infrastructure	259,686	-	-	259,686
Automotive and equipment	27,138	2,136	247	29,027
Total capital assets being depreciated	<u>404,899</u>	<u>2,136</u>	<u>247</u>	<u>406,788</u>
Less accumulated depreciation for:				
Buildings	(77,699)	(2,708)	-	(80,407)
Infrastructure	(118,321)	(5,193)	-	(123,514)
Automotive and equipment	(10,765)	(2,050)	247	(12,568)
Total accumulated depreciation	<u>(206,785)</u>	<u>(9,951)</u>	<u>247</u>	<u>(216,489)</u>
Total capital assets being depreciated, net	<u>198,114</u>	<u>(7,815)</u>	<u>-</u>	<u>190,299</u>
Total business-type activities capital assets, net	\$ <u>358,491</u>	\$ <u>15,728</u>	\$ <u>-</u>	\$ <u>374,219</u>

2. Depreciation expense was charged to functions of the primary government as follows (in thousands):

Governmental Activities:	
General government	\$ 1,587
Public Works	2,541
Human & Cultural	1,429
Public Safety	<u>2,382</u>
Total depreciation expense – governmental activities	<u>\$ 7,939</u>
Business-Type Activities:	
Water/Sewer	\$ 8,810
Sanitation	320
Madison Sewage	13
Transportation	<u>808</u>
Total depreciation expense – business-type activities	<u>\$ 9,951</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

3. Construction work in progress at September 30, 2013 for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
Improvement Fund	\$ 13,607,390	\$ 11,670
Community Development Block Grant	1,620,818	110,883
1982 Industrial Park Bond	49,993	-
1998 G O Public Improvement Construction Bond	19,113,056	52,317
2003 G O Public Improvement Construction Bond	28,118,302	2,979,398
2007 Tax Increment Limited Obligation Bond	2,077,735	-
2008 G O Street Construction Bond	20,536,585	1,600,182
2009 American Recovery Reinvestment Act	3,904,250	896,714
2012 G O Capital Project	99,569	49,068
Thalia Mara Hall	458,578	-
Capitol Street 2-Way Project	349,839	5,432,378
Economic Development Initiative –		
Economic Development	3,579,620	236,862
Traffic – Repair and Replacement	1,794,030	385,789
Drainage – Repair and Replacement	943,224	13,971
Resurfacing – Repair and Replacement	2,211,960	1,388,540
Parks – Repair and Replacement	100,768	-
Total	\$ 98,565,717	\$ 13,157,772

4. Construction work in progress at September 30, 2013 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$182,082,132</u>	<u>\$28,066,068</u>
Total	<u>\$182,082,132</u>	<u>\$28,066,068</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued)

5. A summary of changes in capital assets for component units is as follows (in thousands):

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2013, was as follows:

Business-Type Activities:	<u>Balance September 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 4,538	\$ -	\$ -	\$ 4,538
Property held for development	1,913	-	-	1,913
Total capital assets not being depreciated	<u>6,451</u>	<u>-</u>	<u>-</u>	<u>6,451</u>
Other capital assets:				
Land improvements	29	-	-	29
Buildings	51,423	3	(70)	51,356
Equipment and furniture	1,442	24	-	1,466
Total other capital assets	<u>52,894</u>	<u>27</u>	<u>(70)</u>	<u>52,851</u>
Less accumulated depreciation for:				
Land improvements	(29)	-	-	(29)
Buildings	(20,559)	(1,266)	-	(21,825)
Equipment and furniture	(1,292)	(25)	-	(1,317)
Total capital assets being depreciated	<u>(21,880)</u>	<u>(1,291)</u>	<u>-</u>	<u>(23,171)</u>
Total other capital assets, net	<u>31,014</u>	<u>(1,264)</u>	<u>(70)</u>	<u>29,680</u>
Total capital assets, net	<u>\$ 37,465</u>	<u>\$ (1,264)</u>	<u>\$ (70)</u>	<u>\$ 36,131</u>

Depreciation expense was charged to activities as follows (in thousands):

Urban renewal projects	\$ 844
Parking facilities	447
Total	<u>\$ 1,291</u>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2013, was as follows (in thousands):

Business-Type Activities:	<u>Balance September 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance September 30, 2013</u>
Capital assets not being depreciated:					
Land	\$ 5,792	\$ -	\$ -	\$ -	\$ 5,792
Building and improvements	79,962	34	-	-	79,996
Equipment	4,503	121	-	-	4,624
	90,257	155	-	-	90,412
Less accumulated depreciation	<u>(9,267)</u>	<u>(2,497)</u>	<u>-</u>	<u>-</u>	<u>(11,764)</u>
Total capital assets, net	<u>\$ 80,990</u>	<u>\$ (2,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,648</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Individual fund interfund receivable and payable balances as of September 30, 2013, follows (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 4,270	\$ -
Federal Grant	-	203
Nonmajor Proprietary Funds	-	4,067
Total	<u>\$ 4,270</u>	<u>\$ 4,270</u>

Summary of transfer in/transfer out within primary government (in thousands):

	Transfer In	Transfer Out
General Fund	\$ 275	\$ 17,493
Debt Service Fund	2,322	-
Proprietary Fund	9,245	4,162
Federal Grant Fund	1,149	312
Capitol Street 2-Way	463	-
Nonmajor Governmental Funds	3,715	8,940
Internal Service Fund	6,760	-
Nonmajor Proprietary Funds	4,502	-
Improvement Fund	2,476	-
Total	<u>\$ 30,907</u>	<u>\$ 30,907</u>

Interfund transfers at September 30, 2013 consist of the following (in thousands):

\$	463	From Capital Project Major Fund (Capitol Street 2-Way) to the Proprietary Funds (Water/Sewer) to subsidize operations.
	312	From Major Governmental Fund (Federal Grants) to Nonmajor Proprietary (Sanitation Fund) to subsidize operations.
	8,933	From the Nonmajor Governmental Fund (2012 G O Note) to the Proprietary Fund (Water Sewer) to subsidize operations.
	1,313	From the Proprietary Funds (Water/Sewer) to the Major Government (Improvement Fund) to subsidize operations.
	1,149	From the General Fund to the Nonmajor Governmental Fund (Federal Grant Fund) to subsidize operations.
	3,701	From the General Fund to the Nonmajor Governmental Funds (Parks and Recreation) to subsidize operations.
	14	From the General Fund to the Nonmajor Governmental Funds (State Grant) to subsidize operations.
	6,760	From the General Fund to the Internal Service Fund to subsidize operations.
	4,410	From the General Fund to the Nonmajor Proprietary Funds (Transportation) to subsidize operations.
	1	From the Nonmajor Governmental Funds (Parks and Recreation) to the General Fund to subsidize operations.
	269	From the Proprietary Funds (Water/Sewer) to the General Fund to subsidize operations.
	5	From the Nonmajor Governmental Funds (State Grant) to the General Fund to subsidize operations.
	295	From the General Fund to the Debt Service Fund for debt service payment.
	2,027	From the Proprietary Funds (Water/Sewer) to the Debt Service Fund for debt service payment.
	1,163	From the General Fund to the Major Governmental (Improvement Fund) to subsidize operations.
	92	From the Proprietary Fund (Water/Sewer) to the Nonmajor Proprietary Fund to subsidize operations.
\$	<u>30,907</u>	

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

E. CAPITAL LEASES:

The City leases property with varying terms and options. Most leases contain a clause that states that the lease shall terminate in the event that no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancellable leases for financial reporting purposes.

The City has financed through lease agreements the acquisition of the data processing division computer system, word-processing systems for the legal division, computerized records management system and a computer-aided dispatch system for the fire and police departments, and various copying and duplicating equipment. In addition, tractors have been acquired for both the Water Maintenance and the Engineering Maintenance divisions; golf carts have been acquired for the City's golf courses and riding lawn mowers have been acquired for park maintenance. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. Future minimum lease payments under operating leases are disclosed in the following note. At September 30, 2013, there were assets under capital lease totaling \$22,136,312 for machinery and equipment. Future minimum lease payments for capital leases are disclosed in Note 4.G.8.

The City has reported the proceeds of capital leases related to its Proprietary Funds as inflows of cash since the City receives cash advances from the lessors and purchases the related assets.

F. OPERATING LEASES:

The City is obligated under certain noncancellable leases for land and buildings with terms remaining more than one year that are classified as operating leases. Operating leases do not give rise to property rights; therefore, the results of the lease agreements are not reflected in the City's account groups. Total lease expenditures for the rental of all land and buildings under operating leases for the year ended September 30, 2013, amounted to \$824,100. The following is a schedule by years of future minimum lease payments required under the noncancellable land and building operating leases as of September 30, 2013, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 188
2015	188
2016	123
2017 and thereafter	<u>2,237</u>
Total	<u>\$ 2,924</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2013 totaled to \$1,577,704. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are to be repaid from proprietary revenues.

The City issued \$20 million of general obligation bonds in January 2003 to provide funds for the costs of: (A) erecting, repairing, improving, and equipping municipal buildings, (B) improving streets, (C) traffic signals, (D) drainage improvements.

On August 4, 2005, the City issued \$20,960,000 in General Obligation Refunding Bonds with an average interest rate of 4.26 percent to advance refund \$20,710,000 of outstanding General Obligation Bonds, Series 1998 with an average interest rate of 5.05. The net proceeds of \$21,904,652 (after payment of \$343,777 in underwriting fees, insurance and other issuance costs) were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the General Obligation Bonds, Series 1998. As a result, the General Obligation Bonds, Series 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. A portion (\$7,490,000) of the General Obligation Bonds, Series 1998 was not refunded.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,401,036. This difference is being charged to operations through the year 2017. The City completed the advance refunding to reduce its total debt service payments over the next 12 years by \$816,595 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$861,719.

On November 8, 2006, the City issued \$65,000,000 in General Obligation Bonds to provide funds (a) to purchase the City Bond to provide funds to the City in order to finance the acquisition, construction, equipping, and furnishing of a convention center in the City to be known as the Capital City Convention Center and for other authorized purposes under the Act (the "Construction Project"), and (b) to pay the Costs of Issuance of the Series 2006 Bonds and the City Bond, including the cost of the premium for the Bond Insurance Policy.

On January 1, 2009 the City issued \$26,210,000 General Obligation Street Resurfacing Bond. The Bonds are being issued to provide funds to (a) purchase the City Bond to provide funds to the City to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways, walkways and public parking facilities, and purchasing land therefore; and constructing bridges and culverts and (b) pay the Costs of Issuance of the Bonds and the City Bond.

On September 1, 2010 the City issued \$23,665,000 in General Obligation Refunding Bonds Series A & B. The bonds were issued to provide funds to the City in order to refund, defease and/or restructure certain outstanding maturities on the \$5,490,000 General Obligation Refunding Bond, Series 1998, the \$35,000,000 General Obligation Bonds, Series 1998, the \$20,000,000 General Obligation Bonds, Series 2003, the \$20,960,000 General Obligation Refunding Bonds, Series 2005, the \$5,155,000 General Obligation Refunding Bonds, Series 2008, and the \$26,210,000 General Obligation Bonds, Series 2009, and to pay the costs of issuance.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (CONTINUED):

The average interest rate on the 2010 General Obligation Refunding Bond is 4.17%. The net proceeds of \$25,128,292 resulted in an economic loss to the City in the amount of (\$2,116,552). The 1998 General Obligation Bond \$5,490,000, the 1998 General Obligation Bond \$35,000,000, and the 2008 General Obligation Bond \$5,155,000 are considered to be defeased and the liability for those bonds have been removed from the government-wide statement of net position. A portion of the 2003 General Obligation Bond \$20,000,000, 2005 General Refunding Bond \$20,960,000, and the 2009 General Obligation Bond \$26,210,000 were not refunded.

On April 1, 2012 the City issued \$11,500,000 in General Obligation Note, Series 2012. The note was issued to provide (a) erecting municipal buildings; (b) establishing sanitary, storm, drainage or sewage and repairing, improving and extending the same; (c) constructing bridges; and (d) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities and purchasing land.

On February 21, 2013 the City issued \$64,940,000 in General Obligation Refunding Bonds, Series 2013. The proceeds of the Series 2013 Bonds will be used by the City for the purposes of (a) refunding, defeasing and/or restructuring all or a portion of the outstanding maturities of the 2006 City Bond and (b) paying certain costs of issuance of the Series 2013 Bonds and the City Bond. The 2006 Bank Bonds were issued to provide funds to purchase the 2006 City Bond. The proceeds of the 2006 City Bond were used by the City to finance construction and equipping of the Capital City Convention Center (the "Convention Center").

At September 30, 2013, the City had \$2,145,000 general obligation bonds considered to be defeased and outstanding.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates. General obligation bonds currently outstanding at September 30, 2013, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Obligation Bonds:					
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	\$ 12,395
General Obligation Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	9,615
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	3,805
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	01/01/24	26,210	21,045
General Obligation Refunding Series 2010A	09/01/10	3.00-5.00%	09/01/24	16,655	16,655
General Obligation Refunding Series 2010B	09/01/10	4.370%	09/01/24	7,010	7,010
General Obligation Refunding Series 2013	02/21/13	3.00-5.00%	03/01/36	64,940	<u>64,940</u>
Total General Obligation Bonds					<u>\$ 135,465</u>
	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Obligation Notes:					
General Obligation Notes Payable Series 2012	04/01/12	1.71	09/01/24	11,500	<u>\$ 9,200</u>
Total General Obligation Notes					<u>\$ 9,200</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

2. Revenue Bonds

On August 4, 2005, the City issued \$27,180,000 in Water/Sewer System Revenue Refunding Bonds with an average interest rate of 4.32 percent to advance refund \$25,800,000 of outstanding Water/Sewer System Revenue Bonds, Series 1999 with an average interest rate of 5.21. The net proceeds of \$27,758,429 (after payment of \$496,236 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the Water/Sewer System Revenue Bonds, Series 1999. As a result, the Water/Sewer System Revenue Bonds, Series 1999 bonds are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund. A portion (\$5,085,000) of the Water/Sewer System Revenue Bonds, Series 1999 was not refunded. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,785,028. This difference is being charged to operations through the year 2024. The City completed the advance refunding to reduce its total debt service payments over the next 19 years by \$1,057,504 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,383,192.

On September 1, 2011, the City issued \$46,720,000 and \$2,565,000 in Water/Sewer System Revenue Refunding Bonds to advance refund \$42,355,000 of outstanding Water/Sewer System Revenue Bonds, Series 2002, \$1,140,000 of outstanding Water/Sewer Revenue Refunding, Series 2004, and \$2,790,000 of outstanding Water/Sewer Revenue Refunding, Series 2005. The purpose for issuing the Tax-Exempt Bonds is (a) to fund the 2011A Purchase Account, in order to provide funds for the purchase of the Tax-Exempt City Bond (which amounts are to provide financing for the refunding, defeasance and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Tax-Exempt Bonds, and (c) to fund the 2011A Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Tax-Exempt Bonds and the Tax-Exempt City Bond. The purpose for issuing the Taxable Bonds is (a) to fund the 2011B Purchase Account, in order to provide funds for the purchase of the Taxable City Bond (which amounts are to provide financing for the refunding and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Taxable Bonds, and (c) to fund the 2011B Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Taxable Bonds and the Taxable City Bond. The City completed the advance refunding to reduce its debt service payments over the next 23 years by \$3,838,070 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$144,146.

On September 1, 2012, the City issued \$63,045,000 and \$19,180,000 in Water/Sewer Revenue Refunding Bonds to advance refund \$76,120,000 of outstanding Water/Sewer System Revenue Refunding, Series 2004. The purpose for issuing the Tax-Exempt Bonds is (a) amount will provide financing for the refunding, defeasance and/or restructuring of the Series 2004 Bonds and the 2004 City Bonds, (b) as to the Taxable Bonds, to purchase the Taxable City Bond, which amount will provide financing for the refunding, defeasance and/or restructuring of the Series 2004 Bonds and 2004 City Bonds, (c) to pay premium for the Surety Bond and the Policy and (d) to fund the costs of issuance in connection with the Series 2012 Bonds and the Series 2012 City Bonds. The City completed the advance refunding to reduce its debt service payments over the next 22 years by \$3,067,182 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$3,062,988.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

On June 1, 2013, the City issued \$89,990,000 in Water/Sewer Revenue Bonds with an average interest rate of 6.07. The Series 2013 Bonds are being issued pursuant to the Act for the purpose of providing funds to purchase the Series 2013 City Bond. This amount will provide financing for improvement and repair of the system in accordance with the Performance Contract, pay the premium for the Surety Bond and the Policy, and a fund the costs of issuance in connection with the Series 2013 Bonds and the Series 2013 City Bond.

Revenue bonds outstanding, at September 30, 2013, were as follows (in thousands):

<u>Revenue Bonds:</u>	<u>Date of</u>	<u>Interest</u>	<u>Final</u>		
<u>Enterprise Funds:</u>	<u>Obligation</u>	<u>Rate</u>	<u>Maturity</u>	<u>Issued</u>	<u>Outstanding</u>
			<u>Date</u>		
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	\$ 21,445
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50-5.00%	09/01/34	46,720	45,150
Water/Sewer Revenue Refunding 2011B	09/01/11	4.070-5.40%	09/01/34	2,565	2,495
Water/Sewer Revenue Refunding 2012A	09/01/12	3.50-5.00%	09/01/34	63,045	63,045
Water/Sewer Revenue Refunding 2012B	09/01/12	1.00-2.375%	09/01/20	19,180	17,140
Water/Sewer Revenue 2013	06/01/13	5.00-6.875%	06/01/39	89,990	89,990
					<u>\$ 239,265</u>

At September 30, 2013, the City had \$133,720,000 of revenue bonds considered to be defeased and outstanding.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

3. Tax Increment Limited Obligation Bonds

The City issued \$2.270 million of tax increment limited obligation bonds in December 2007 to provide funds for the costs of constructing certain infrastructure improvements, site development and or site preparation in connection with the development and construction of a redevelopment project located within the City. The City entered into an Interlocal Cooperation Agreement with Hinds County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are not a general obligation of the City.

On April 23, 2009, the City issued \$407,000 of tax increment limited obligation bonds to provide funds for infrastructure improvements, including site utilities such as electrical, water, sanitary sewer and natural gas lines; installation of storm drainage and site work; construction of entrances with curb and gutter, sidewalks; landscaping of rights-of-way; installation of fencing and entry gates; capitalized interest; related engineering costs and expenses; TIF plan preparation fees; other incidental costs; and related professional fees.

On June 16, 2009, the City issued \$375,000 of tax increment limited obligation bonds to provide funds for the purpose of constructing various infrastructure improvements in connection with a tax increment finance project including, but not limited to, installation and/or relocation of utilities such as water, sanitary sewer, construction of drainage improvements, construction of roadways with curb and gutter, asphalt overlay, landscaping of rights-of-way, related engineering fee, attorney's fees, TIF plan preparation fees, capitalized interest and other related costs.

On June 19, 2009, the City issued \$1,600,000 of tax increment limited obligation bonds to provide funds for infrastructure improvements supporting the project including, installation of site utilities such as water, sanitary sewer, and natural gas lines; landscaping of rights-of-way; capitalized interest; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees for the project.

On December 30, 2010, the City issued \$2,800,000 of tax increment limited obligation bonds to provide funds for the renovation and related construction of properties generally known as the King Edward Hotel and Garage and the Standard Life Building and related properties located in a portion of the City Block bounded by Mill, Capitol, Roach, and Pearl Street.

Limited obligation bonds outstanding at September 30, 2013, are as follows (in thousands):

<u>Limited Obligation Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Long-Term Debt:					
Tax Increment Financing Bonds, 2007	12/28/2007	4.47%	3/1/2020	2,270	\$ 1,520
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	329
Tax Increment Financing Bonds, 2009	6/16/2009	3.83%	7/1/2015	375	134
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	1,213
Tax Increment Financing Bonds, 2010	12/30/2010	4.75-5.50%	3/1/2030	2,800	2,426
Total Limited Obligation Bonds					<u>\$ 5,622</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

4. Section 108 Loan

On July 1, 2008, the City entered into a loan guaranty assistance in an amount not to exceed the \$10,000,000 under Section 108 of the Housing and Community Development Act of 1974 for the purpose of providing assistance for the Capital City Center Revitalization Project and for development of a revolving business loan program. Under the Contract for Loan Guarantee Assistance between the City and HUD, HUD authorized the City to loan up to \$10,000,000 under the 108 Program to TCI MS Investment, Inc. for special economic development activities under 24 CFR 570.703(i)(1) and 570.203(b) and, in particular, for "site assemblage" costs for the Revitalization Project. Upon repayment of the TCI Loan, the City is authorized to use funds under the 1098 program for the Business Loan Pool.

The Revitalization Project is to consist of development of two (2) hotels, commercial and retail space, a parking garage and residential facilities to help revitalize the City's CBD while providing job creation for persons of low and moderate income through construction activities and then through the new businesses opened as part of the Revitalization Project. The Business Loan Pool is to be used to provide loan to for-profit and non-profit businesses and organizations which meet the eligibility requirements of 24 CFR 570.703, the national objective requirements of 570.208 and, if applicable, the public benefit standards of 570.209(b).

As required by the Guaranty Agreement, the City also entered into an agreement with Regions Bank to serve as custodian of original loan and security documents for the loan to TCI.

5. Jackson Redevelopment Authority

Urban Renewal Bonds and Notes

Urban renewal bonds and notes are issued to provide funds for various rehabilitation projects at September 30, 2013, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Urban Renewal Bonds:</u>					
Enterprise Funds:					
Urban Renewal Central Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	\$ 60
Urban Renewal Bond, Series, 2011-A	06/01/11	3.25%	06/01/31	7,165	6,739
Urban Renewal Bond, Series, 2011-B	06/01/11	5.15%	06/01/23	2,745	2,615
Note Payable, Series 2012	10/01/13	5.25%	10/26/19	2,500	<u>2,500</u>
Total Urban Renewal Bonds and Notes					<u>\$ 11,914</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

6. A summary of long-term debt transactions for the primary government and for the component unit for the year ended September 30, 2013, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due Within One Year
Governmental activities:						
Bonds and loans payable:						
General obligation bonds	\$ 131,290	\$ 68,745	\$ 64,570	\$ -	\$ 135,465	\$ 5,325
Limited obligation bonds	6,102	-	480	-	5,622	504
General Obligation Note	402	11,098	2,300	-	9,200	2,300
State revolving loan MDA	383	-	40	-	342	42
Miss. Development Bank Loan	3,040	-	294	-	2,747	294
Section 108 Loan	7,000	-	-	-	7,000	-
Less deferred amounts:						
For issuance discount	(491)	325	143	-	(310)	-
On refunding	1,066	-	-	(1,066)	-	-
For issuance premium	3,437	5,738	1,316	-	7,859	-
Total bonds payable	152,229	85,906	69,143	(1,066)	167,926	8,465
Capital leases	17,058	12,144	11,035	-	18,167	4,981
Claims and judgments	2,069	435	426	-	2,078	590
Workers' Compensation Benefits	4,476	1,623	1,615	-	4,484	1,650
Compensated absences	4,676	1,611	1,906	-	4,380	2,261
	28,279	15,812	14,982	-	29,109	9,482
Total Governmental Activity	\$ 180,508	\$ 101,718	\$ 84,125	\$ (1,066)	\$ 197,035	\$ 17,947
Business-type activities:						
Bonds and loans payable:						
Revenue bonds	\$ 154,430	\$ 89,990	\$ 5,155	\$ -	\$ 239,265	\$ 5,605
Miss. Development Bank Loan	-	2,727	-	-	2,727	2,727
Less deferred amounts:						
For issuance discount	(572)	(675)	49	(1,168)	(2,464)	-
For issuance premiums	5,855	11,004	457	214	16,617	-
On refunding	(1,054)	-	-	1,052	-	-
Total bonds payable	158,659	103,046	5,661	98	256,145	8,332
Capital leases	3,068	2,066	996	-	4,137	1,547
State Revolving Loan (DEQ)	12,577	4,833	1,757	-	15,653	1,654
Compensated absences	535	241	235	-	541	289
	16,180	7,140	2,988	-	20,331	3,490
Total Business-type activities	\$ 174,841	110,186	8,649	98	\$ 276,476	\$ 1,822
Component Unit – Jackson Redevelopment Authority						
Urban Renewal bonds	\$ 10,015	\$ 2,500	\$ (465)	\$ -	\$ 12,980	\$ 530
Less deferred amounts:						
On refunding	(150)	-	13	-	(163)	-
Total Component Unit	\$ 9,865	\$ 2,500	\$ (452)	\$ -	\$ 12,817	\$ 530
Total Long-Term Debt	\$ 365,214	\$ 214,404	\$ 92,323	\$ (968)	\$ 486,328	\$ 30,299

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

7. The City's legal debt margin for the issuance of general obligation bonds was \$94,547,714 at September 30, 2013.

8. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$570,985 for the component unit as of September 30, 2013, including interest, by source of retirement are as follows (in thousands):

Debt Service Fund (Special Tax Levy)

Fiscal Year	General Obligation Bonds		Total
	Interest	Principal	
2014	\$ 5,938	\$ 5,325	\$ 11,263
2015	5,662	5,990	11,652
2016	5,358	6,360	11,718
2017	5,040	6,755	11,795
2018	4,764	4,480	9,244
2019 – 2023	18,000	45,505	63,505
2024 – 2028	8,829	23,585	32,414
2029 – 2033	5,391	21,190	26,581
2034 – 2038	988	16,275	17,263
Total	<u>\$ 59,970</u>	<u>\$ 135,465</u>	<u>\$ 195,435</u>

Fiscal Year	State Revolving Loan MDA		Total
	Interest	Principal	
2014	\$ 9	\$ 42	\$ 51
2015	8	43	51
2016	7	44	51
2017	6	46	52
2018	5	47	52
2019 – 2023	4	120	124
Total	<u>\$ 39</u>	<u>\$ 342</u>	<u>\$ 81</u>

Fiscal Year	General Obligation Note		Total
	Interest	Principal	
2014	\$ 157	\$ 2,300	\$ 2,457
2015	118	2,300	2,418
2016	79	2,300	2,379
2017	39	2,300	2,339
Total	<u>\$ 393</u>	<u>\$ 9,200</u>	<u>\$ 9,593</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Fiscal Year	MS Development Bank Loan		Total
	Interest	Principal	
2014	\$ 31	\$ 269	\$ 300
2015	31	269	300
2016	31	269	300
2017	31	269	300
2018	31	269	300
2019 – 2023	130	1,368	1,498
2024 – 2028	8	34	42
Total	<u>\$ 293</u>	<u>\$ 2,747</u>	<u>\$ 3,040</u>

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2014	\$ 217	\$ 504	\$ 11,984
2015	193	538	12,383
2016	168	496	12,382
2017	143	527	12,465
2018	117	554	9,915
2019 – 2023	520	1,922	65,947
2024 – 2028	550	637	33,601
2029 – 2033	31	444	27,056
2034 – 2038	-	-	17,263
Total	<u>\$ 1,939</u>	<u>\$ 5,622</u>	<u>\$ 202,996</u>

General Fund (General Fund Revenues)

Fiscal Year	Obligation Under Capital Leases		Total
	Interest	Principal	
2014	\$ 367	\$ 4,981	\$ 5,348
2015	264	3,725	3,989
2016	200	2,317	2,517
2017	155	1,369	1,524
2018	128	1,256	1,384
2019 – 2023	294	3,364	3,658
2024 – 2028	45	1,155	1,200
2029 – 2033	-	-	-
Total	<u>\$ 1,453</u>	<u>\$ 18,167</u>	<u>\$ 19,620</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Enterprise Funds - Water/Sewage Disposal System Fund (Water/Sewer Revenue)

Revenue Bonds

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2014	\$ 11,576	\$ 5,605
2015	11,850	5,750
2016	11,676	5,930
2017	11,441	7,720
2018	11,168	7,990
2019 – 2023	50,751	45,045
2024 – 2028	39,265	47,485
2029 – 2033	25,523	58,930
2034 – 2038	11,877	34,680
2034 – 2037	<u>2,139</u>	<u>20,130</u>
Total	<u>\$ 187,266</u>	<u>\$ 239,265</u>

Obligations Under
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2014	\$ 54	\$ 1,547
2015	32	1,557
2016	11	1,033
2017	-	-
2018	-	-
2019 – 2023	<u>-</u>	<u>-</u>
Total	<u>\$ 97</u>	<u>\$ 4,137</u>

<u>Fiscal Year</u>	<u>State Revolving Loan</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2014	\$ 307	\$ 1,825	\$ 20,906
2015	245	1,316	20,750
2016	202	1,083	19,740
2017	165	1,081	20,407
2018	128	1,119	20,405
2019 – 2023	273	8,462	104,531
2024 – 2028	41	768	87,559
2029 – 2033	-	-	84,453
2034 – 2038	-	-	46,557
2039 – 2043	<u>-</u>	<u>-</u>	<u>22,269</u>
Total	<u>\$ 1,361</u>	<u>\$ 15,654</u>	<u>\$ 447,577</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2014	\$ 547	\$ 531	\$ 1,078
2015	527	492	1,019
2016	507	515	1,022
2017	487	528	1,015
2018	465	556	1,021
2019 – 2023	1,414	5,613	7,027
2024 – 2028	666	2,225	2,891
2029 – 2032	145	1,590	1,735
	<u>4,758</u>	<u>12,050</u>	<u>16,808</u>
Unamortized refunding cost and discounts	<u>-</u>	<u>(136)</u>	<u>-</u>
Total	<u>\$ 4,758</u>	<u>\$ 1,914</u>	<u>\$ 16,808</u>

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. Principal and interest maturities for 2013 were paid by contributions from the General Fund of \$570,985.

There are a number of requirements contained in various revenue bond ordinances. The City is in compliance with all significant requirements.

9. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2013, including interest of \$570,985 for the component unit are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2014	\$ 41,046	\$ 1,078
2015	39,891	1,019
2016	37,369	1,022
2017	37,087	1,015
2018	32,056	1,021
2019 and thereafter	<u>495,753</u>	<u>11,653</u>
Total	<u>\$ 683,202</u>	<u>\$ 16,808</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

10. Interest Rate Swap

On March 31, 2004, the City and the Mississippi Development Bank (collectively "the City") executed a confirmation with RFPC, LLC (a subsidiary of Rice Financial Products Company) (the "2004 Swap Counterparty"), in connection with the execution of an Interest Rate Swap Agreement (the "2004 Swap Agreement") in order to reduce the debt service costs associated with certain outstanding obligations of the City. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project) issued to fund certain water and sewer improvements for the City. The notional amount of the swap is \$49,105,000. The City received a savings pre-payment of \$287,315 from the 2004 Swap Counterparty.

Under the 2004 Swap Agreement the City receives a fixed rate from the 2004 Swap Counterparty, and in return pays a fixed rate less an Adjustment Factor. The Adjustment Factor exposes the City to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap are exchanged semiannually. The swap became effective on April 1, 2005 and will terminate on April 1, 2024. An early termination of the swap transaction may result in the City making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2013, the mark to market value of the transaction was (\$5,821,173) for the City, which is not recorded, in the financial statements. In fiscal year 2011, the City refunded the Water/Sewer System Revenue Bonds, Series 2002.

Risks Associated with the 2004 Swap Agreement

Credit Risk – The City's swap relies on the performance of the 2004 Swap Counterparty. The City is exposed to the risk that the 2004 Swap Counterparty is unable to fulfill its obligations to the City. The obligations of the 2004 Swap Counterparty to the City are guaranteed by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively.

Basis Risk – The City pays fixed rates on the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project).

Interest Rate Risk – The City is exposed to changes in relationships between tax-exempt and taxable interest rates that may be affected by changes in the marginal tax rate, the elimination of tax preferences or other major changes to current tax law including, but not limited to, implementation of a flat tax or value-added tax.

Termination Risk – The 2004 Swap Agreement does not contain any extraordinary termination events or triggers that would expose the City to significant termination risk. If the 2004 Swap Counterparty fails to meet its obligations to the City, these obligations will be met by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively. If the third party guarantor suffers a loss of creditworthiness, the 2004 Swap Counterparty shall find an acceptable replacement guarantor. If such replacement guarantor is not available or if the City fails to meet its obligations to the 2004 Swap Counterparty, the termination provisions in the 2004 Swap Agreement will apply. The City may be liable for a payment equal to the fair market value of the swap if a termination occurs prior to April 1, 2024 and that fair market value is negative.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 5 – GASB 54 Fund Balance Presentation – Classification Total

Details of nonspendable, restricted, committed, assigned, and unassigned fund balances for the year ended September 30, 2013 are as follows:

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Capitol Street 2-Way	Total Governmental Funds
FUND BALANCES:											
NONSPENDABLE:											
General government	\$ 2,283,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,283,393
RESTRICTED FOR:											
General government	-	430,635	-	-	-	-	-	-	135,407	-	566,042
Public safety	491,691	44,196	-	-	-	-	-	-	7,451	-	543,338
Public works	-	465,037	-	-	-	-	-	-	-	-	465,037
Human and Cultural services	-	1,188,923	-	-	-	-	-	-	-	-	1,188,923
Debt service reserve	-	-	2,826,592	-	-	-	-	-	-	-	2,826,592
COMMITTED TO:											
General government	2,538,918	-	-	15,332	-	-	-	-	-	-	2,554,250
Public safety	1,046,302	-	-	-	-	-	-	-	-	-	1,046,302
Public works	-	-	-	3,253,832	178,236	3,231,086	316,661	2,426,977	2,111,919	2,251,449	13,770,160
Human and Cultural services	-	-	-	-	-	-	-	-	2,216,708	-	2,216,708
Employee benefits	-	-	-	-	-	-	-	-	52,547	-	52,547
ASSIGNED TO:											
General government	49,140	-	-	-	-	-	-	-	-	-	49,140
UNASSIGNED:											
General government	26,482,663	-	-	-	-	-	-	-	-	-	26,482,663
Public safety	34,255	-	-	-	-	-	-	-	-	-	34,255
Total fund balances	\$ 32,926,362	\$2,128,791	\$2,826,592	\$ 3,269,164	\$ 178,236	\$3,231,086	\$316,661	\$ 2,426,977	\$ 4,524,032	\$ 2,251,449	\$ 54,079,350

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information

A. RISK MANAGEMENT

1. Workers Compensation Benefits

The City maintains a self-funded workers compensation plan accounted for in the General Fund. Commercial insurance is obtained to protect the City from excess losses greater than \$1,000,000 per individual claim for police and fire employees. Commercial insurance is obtained to protect the City from excess losses greater than \$400,000 per individual claim for all other employees. Benefits paid to employees during fiscal year 2013 were \$1,615,254.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and includes provisions for estimated claims adjustment expenses.

2. Unemployment Benefits

The City also maintains an Unemployment Compensation Revolving Fund (Employee Benefit Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2013, the required amounts were funded. Claims totaled \$166,340 during fiscal year 2013. Estimates of the liability for unpaid claims are based on patterns of claims payments.

3. Group Benefits

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employer medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$8,238,995 and employee benefit costs were \$14,347,908 during fiscal year 2013. Claims incurred but not reported at September 30, 2013, in the Employees' Group Benefit Fund are provided for in the fund balance of that fund based primarily upon an actuary's estimate.

4. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Jackson may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivision to purchase liability insurance or to self insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

4. Tort Liability (Continued):

The City of Jackson is in compliance by using method number three as indicated above. The 2013 fiscal year budget had the monies necessary to establish the reserve fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

For the past three years, the settlement amount for claims against the City has not exceeded the amount of insurance coverage maintained by the City.

The following table provides a reconciliation of changes in the liabilities for claims for years ended September 30, 2013 and 2012:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2013:				
Beginning Balance				
	\$ 411,234	\$ 2,068,822	\$ -	\$ 4,476,073
Current Year Claims/Changes in Estimates	14,347,908	434,636	166,340	1,623,048
Claims Payments	14,354,901	425,726	166,340	1,615,254
Ending Balance	<u>\$ 404,241</u>	<u>\$ 2,077,732</u>	<u>\$ -</u>	<u>\$ 4,483,867</u>
2012:				
Beginning Balance				
	\$ 284,190	\$ 2,067,197	\$ -	\$ 4,933,746
Current Year Claims/Changes in Estimates	14,722,224	561,529	127,976	1,230,129
Claims Payments	14,595,180	559,904	127,976	1,687,802
Ending Balance	<u>\$ 411,234</u>	<u>\$ 2,068,822</u>	<u>\$ -</u>	<u>\$ 4,476,073</u>

5. Other Risks

The City of Jackson is exposed to various other risks of loss related to theft of, damage to and destructions of assets; errors and omissions; and natural disasters. The City purchases commercial insurance policy covering employee dishonesty up to \$100,000 per employee with a \$1,000 deductible. The City carries casualty insurance in the amount of \$300,000,000 with a \$5,000 deductible to protect against damage to property caused by natural disaster or other casualties. Amounts of settlements have not exceeded insurance coverage in the past three years.

B. COMMITMENTS

During fiscal year 1993, the City entered into a revolving loan agreement with the Department of Environmental Quality (DEQ) for loans to the Jackson Water/Sewage Disposal System Fund. The City has pledged sales tax reimbursements from the State of Mississippi to repay the DEQ loans. The outstanding balance of the revolving loans at September 30, 2013, was \$15,653,196.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

C. SUBSEQUENT EVENT

Effective November 19, 2013, the water and sewer rates will increase. The sewer rate will increase 108% and the water rate will increase 29%. The increase will allow more efficiency for the operation and maintenance of the water sewer system which will result in a substantial public benefit to the citizens of the City.

Senate Bill 2839 as passed by the 2011 Regular Session of the Mississippi Legislature authorized the City of Jackson to impose a Special Sales Tax of 1% on any person engaging in business in the City. The tax applies to those activities taxed at a rate of 7% or more under the Mississippi Sales Tax Law. The Mayor and the City Council of Jackson adopted, by resolution, their intent to levy the tax as the result of the city-wide election held Tuesday, January 14, 2014. This tax will be effective March 1, 2014.

Subsequent events have been evaluated through April 30, 2014, which represents the date the comprehensive annual financial report were available to be issued. Subsequent events after that date have not been evaluated.

D. CONTINGENT LIABILITIES:

Litigation

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$871,000 for which it is probable a loss has been incurred and are subject to reasonable estimation are recognized in the financial statements in the governmental funds. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

The City of Jackson is the subject of an enforcement action by the United States Environmental Protection Agency. The City shall pay the sum of \$437,916 as a civil penalty to be paid in four (4) installments of \$109,479. The City shall pay to the United States Environmental Protection Agency sixty percent (60%) and forty percent (40%) to the Mississippi Department of Environmental Quality of each installment of the civil penalty plus any interest due. This civil penalty is for violations of the Clean Water Act.

Over the last two years, the City of Jackson has been unable to obtain a viable financing plan for the Capital City Revitalization Project. Subsequent to September 30, 2013, the City began negotiating a deed in lieu of foreclosure for the land that is securing the loan under the section 108 loan. As a result, an amendment to the City's Consolidated Plan was not necessary. Upon receipt of the deed in lieu of foreclosure and the acquisition of all other lands necessary for the convention center project, Jackson Redevelopment Authority (JRA) will issue an RFP for a new hotel developer.

As of September 30, 2013, the City has resolved all claims, legal relationships and other issues with TCI MS Investment, Inc. The City will begin making payments to Housing and Urban Development (HUD) August 2018 which is based upon the promissory note signed in 2008.

Federal Grants

The City participates in a number of state and federally funded grant programs, principal of which are Community Development Block Grant, Federal Highway Administration, Department of Transportation and Department of Justice grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2013, the City has disallowed expenditures resulting from audits performed by the following grantor agency: U. S. Department of Housing and Urban Development, Community Development Block Grant for the amount of \$1,939,952.41.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

D. CONTINGENT LIABILITIES (Continued):

Federal Grants (Continued)

A settlement has been reached with the grantor to reimburse the Community Development Block Grant line of credit with non-federal funds over a three-year period in the following fiscal years:

1 st payment December 2014	\$ 646,650.81
2 nd payment December 2015	646,650.80
3 rd payment December 2016	646,650.80
Total	<u>\$ 1,939,952.41</u>

E. JOINT VENTURES

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2013 (in thousands):

<u>Jackson/Hinds Library System</u>	
Total assets	<u>\$ 1,579</u>
Total liabilities	<u>\$ 280</u>
Total fund equity	<u>\$ 1,299</u>
Total revenues	<u>\$ 4,442</u> (1)
Total expenditures	<u>\$ 4,341</u>
Net increase (decrease) in fund balance	<u>\$ 101</u>
Total debt	<u>\$ -</u>

(1) The percentage share of the joint venture applicable to the City of Jackson is fifty percent (50%).

F. EMPLOYEES' RETIREMENT SYSTEM:

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multi-employer pension plan as described below:

Public Employees' Retirement System

1. Plan Description and Provisions

Substantially all City of Jackson full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Section 21-29-201 of the Mississippi Code of 1942 as annotated, and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Description of Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City of Jackson is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (Continued):

Annual Pension Cost. For 2013, the City's annual pension cost of \$10,793,745 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2013, actuarial valuation using the entry age actuarial cost method. PERS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 21 years.

Three-Year Trend Information for PERS
(Dollar amounts in Thousands)

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
9/30/11	9,628	100%
9/30/12	7,079	100%
9/30/13	7,397	100%

Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At June 30, 2013, the date of the most recent actuarial verification, there were 1 participating municipal employees and 630 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Basis of Accounting

MRS uses the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed, investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for MRS are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit rating. Mortgage securities are valued on the basis of future principal and interest payments and counted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates market or fair value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with their investment advisors and custodial bank, has determined the fair values.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

3. Funding Status and Progress

The actuarial accrued liability is a measure intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. For the years ending September 30, 1994, and prior, the actuarial value of assets was equal to book value. Beginning with the September 30, 1995, actuarial valuation, the actuarial value of assets will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the system's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

As of June 30, 2013, the most recent actuarial valuation date, the plan was 48.3% funded. The actuarial accrued liability for benefits was \$122 million and the actuarial value of assets was \$58.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$62.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$41,000, and the ratio of the UAAL to the covered payroll was 154,840%.

4. Annual Pension Cost and Net Pension Asset

The net pension obligation or asset represents the cumulative difference since the effective date of the statement between City's annual pension cost calculated pursuant to GASB 27 and the employer's contribution to the plan, including the pension liability or asset at transition. For purposes of transition, funding deficiencies which occurred prior to October 1, 1987 are not required to be considered but to do so is acceptable. However, information on fiscal years prior to October 1, 1987 is not available although considerable funding deficiencies occurred to that point. As a result of the transition rules under GASB Statement No. 27, the net pension obligation is considerably less than if the calculation were made considering all applicable years of the plan. Consequently, although the City has an unfunded actuarial accrued liability of \$62,760 as of June 30, 2013, the City has recorded a net pension asset of \$9,314 in the accompanying government wide statements in the governmental activities.

The City's annual pension cost and net pension asset for the current year calculated pursuant to GASB 27 is as follows (in thousands):

Annual required pension contribution	\$ (6,158)
Interest on net pension asset	1,263
Adjustments to annual required contribution	<u>(1,576)</u>
Annual pension cost	(6,471)
Contributions made	<u>-</u>
Decrease in net pension asset	(6,471)
Net pension asset beginning of year	<u>15,785</u>
Net pension asset end of year	<u><u>\$ 9,314</u></u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

4. Annual Pension Cost and Net Pension Asset (Continued):

As the result of the issuance of \$49,790 of general obligation bonds in 1997, the City's contribution to the plan has been limited since that date to matching contributions on employee withholdings. Since 2001, the City's unfunded actuarial accrued liability related to MRS has grown considerably and the annual required contribution for fiscal 2013 is projected to be approximately \$6,158. The City's plans are to continue the present contribution level to the plan through fiscal 2013. At that point the 1997 general obligation bonds will have been retired and tax millage presently used for bond payments amounting to approximately \$6.0 million will be diverted toward making annual contributions to the plan. Projections of cash flow for the plan indicate contributions of approximately \$ 6.7 million in 2013 and growing to approximately \$9.8 million through 2022 will be necessary to meet the City's obligations under the plan. To account for the receipt of revenues, property tax levies, and payments of bond principal and interest related to the bonds issued to provide reductions in the accrued actual liability related to pensions of retired and disabled police and fireman, all contributions are paid from in the Disability and Relief Fund (Non-Major Fund).

In 1997, the City issued \$49,790,000 of General Obligation Bonds and contributed the proceeds to the MRS plan to provide for a similar reduction in the unfunded actuarial accrued liability. As a result of this contribution, the City has not recognized a net pension obligation (NPO) in its financial statements.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of June 30, 2013. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% to 6.0% per year compounded annually, attributable to inflation and seniority/merit. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded liability is being amortized over a closed 30 year period with 21 years remaining as of June 30, 2013. At June 30, 2013, the unfunded actuarial accrued liability was determined as follows:

<u>Actuarial Accrued Liability</u>	<u>(In Thousands)</u>
Retirees and beneficiaries currently receiving benefits	\$121,171
Active members	332
Vested terminated members not yet receiving benefits	-
Total actuarial accrued liability	121,503
Actuarial Value of Assets	<u>58,743</u>
Unfunded actuarial accrued liability	<u>\$ 62,760</u>

During the year ended June 30, 2013 the plan experienced an estimated net change of \$(2,508) in the Actuarial Accrued Liability.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

5. Funding Policy

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The funding policy for MRS provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. In developing the annual required contribution shown below, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on an open basis as a level dollar amount over a period of 40 years. The City's active MRS members contribute ten percent of their base salaries to the plan. This difference has historically resulted in the actual contribution being less than the annual required contribution.

6. Contributions Required and Contributions Made:

Three-Year Trend Information for MRS
(In Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Asset (NPO)
<u>Funding</u>			
9/30/11	(6,081)	108.8%	14,201
9/30/12	(6,382)	124.8%	15,785
9/30/13	(6,471)	-	9,314

G. OTHER POSTEMPLOYMENT BENEFITS

Effective for the 2009 fiscal year, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and required supplementary information. This Statement requires recognition of the cost of other postemployment benefits during the periods when employees render their services and disclosure about actuarially accrued liabilities related to past services and the status and progress of funding the benefits. The requirements of GASB statement No. 45 were implemented prospectively beginning October 1, 2007.

Plan Description

The City's OPEB plan provides post employment healthcare coverage, including dental benefits to eligible individuals. Eligible individuals include all regular, full-time employees of the City, as well as permanent part-time employees who work at least 20 hours per week, and their spouses and dependent children. Employees must have earned at least 25 years of service with the City in order to be eligible for retiree healthcare coverage. Coverage continues at the election of the retiree until age 65. Retirees must pay the required monthly premium for either single or family coverage, as applicable. As of September 30, 2013, 158 retirees are eligible to receive benefits under the plan. The plan was established under authority of the City Council and may be amended or abolished by council action.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the actuarial valuation performed by an outside actuary consultant. The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total OPEB Plan</u>
Annual Required Contribution	\$6,951,425	\$1,065,575	\$8,017,000
Interest on net OPEB obligation	678,928	104,072	783,000
Adjustment to ARC	<u>(1,543,412)</u>	<u>(236,588)</u>	<u>(1,780,000)</u>
Annual OPEB cost (expense)	6,086,941	933,059	7,020,000
Less: Contributions made	<u>(1,772,323)</u>	<u>(271,677)</u>	<u>(2,044,000)</u>
Increase in net OPEB obligation	4,314,618	661,382	4,976,000
Net OPEB obligation beginning	<u>17,862,756</u>	<u>2,716,244</u>	<u>20,579,000</u>
Net OPEB obligation end of year	<u>\$22,177,374</u>	<u>\$3,377,626</u>	<u>\$25,555,000</u>

Trend Information for OPEB Plan:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/11	\$5,253,000	13%	15,470,000
9/30/12	\$6,979,000	27%	20,579,000
9/30/13	\$7,060,000	30%	25,555,000

CITY OF JACKSON
Notes to Financial Statements
September 30, 2013

Note 6 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Funding status and funding progress

The City funds the plan on a pay-as-you-go basis. As of September 30, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$45,498,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll was not available and the ratio of the UAAL to the covered payroll was N/A. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Although, the actuarial accrued liability for the OPEB plan has increased, the City has not provided funding for the plan.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2013 actuarial valuation, the projected unit credit method was used. It is amortized as a level percent of payroll over a 15 year open period and a level-dollar payment. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate trend rate of 5 percent after ten years. Both rates include a 2.75 percent inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF JACKSON
Required Supplementary Information
Employees' Retirement Systems
Schedule of Funding Progress
September 30, 2013

DISABILITY AND RELIEF - MUNICIPAL RETIREMENT SYSTEMS PENSION PLAN

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
9/30/2011	65,786	127,461	61,675	51.6	99	62,299.0
9/30/2012	60,512	124,010	63,498	48.8	42	151,185.7
6/30/2013	58,743	121,503	62,760	48.3	41	154,839.6

**SCHEDULE OF FUNDING PROGRESS
for the OPEB PLAN**

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
10/1/2009	-	36,875	36,875	0.00%	66,782	55.2
10/1/2010	-	36,875	36,875	0.00%	66,782	55.2
5/1/2012	-	45,498	45,498	0.00%	N/A	N/A

NON-MAJOR
GOVERNMENTAL FUNDS

Nonmajor Governmental Funds

Special Revenue Funds

Parks and Recreation Fund

To account for the operation and maintenance of all City-owned parks. Financing is provided by a 2-Mill annual property tax levy, admissions, fees and concessions. Appropriations are made from General Fund sources to the extent that such tax levy and other revenues are not sufficient to finance expenditures.

State Grant Fund

To account for proceeds of state grants or loans other than those grants or loans for Enterprise Fund or Capital Projects Fund items.

Disability and Relief Fund

To account for the receipt of revenues, property tax levies, and payments of bond principal and interest related to bonds issued to provide reductions in the accrued actual liability related to pensions of retired and disabled police and fireman employed prior to April 1, 1976.

Capital Projects Funds

Industrial Park Bond Fund, 1982-A

To account for proceeds of general obligation bonds of \$3,000,000 to establish an industrial park.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the River Hills project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Paul Moak project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Fondren project.

2012 General Obligation Note

The note was issued to finance the costs of infrastructure improvements to City buildings and the purchasing of land.

City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2013

	Special Revenue			
	Parks and Recreation	State Grant	Disability and Relief	Total
ASSETS				
Cash and Cash Equivalents	\$ 2,416,693	\$ -	\$ 532,965	\$ 2,949,658
Other Receivable	2,344,266	139,848	5,674,613	8,158,727
Total Current Asset	<u>\$ 4,760,959</u>	<u>\$ 139,848</u>	<u>\$ 6,207,578</u>	<u>\$ 11,108,385</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 13,328	\$ -	\$ 480,418	\$ 493,746
Other Liabilities	198,338	-	-	198,338
Total liabilities	<u>211,666</u>	<u>-</u>	<u>480,418</u>	<u>692,084</u>
DEFERRED INFLOWS OR RESOURCES				
Unavailable revenue-property taxes	2,332,585	-	5,674,613	8,007,198
Total deferred inflows of resources	<u>2,332,585</u>	<u>-</u>	<u>5,674,613</u>	<u>8,007,198</u>
FUND BALANCES				
Restricted	-	139,848	-	139,848
Committed	2,216,708	-	52,547	2,269,255
Total Fund Balance	<u>2,216,708</u>	<u>139,848</u>	<u>52,547</u>	<u>2,409,103</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,760,959</u>	<u>\$ 139,848</u>	<u>\$ 6,207,578</u>	<u>\$ 11,108,385</u>

Capital Projects

1982 Industrial Park Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2012 GO Note	Total	Total Nonmajor Governmental Funds
\$ 36,310	\$ 231	\$ 160	\$ 123	\$ 2,075,095	\$ 2,111,919	\$ 5,061,577
-	-	-	-	-	-	8,158,727
<u>\$ 36,310</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 123</u>	<u>\$ 2,075,095</u>	<u>\$ 2,111,919</u>	<u>\$ 13,220,304</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 493,746
-	-	-	-	-	-	198,338
-	-	-	-	-	-	692,084
-	-	-	-	-	-	8,007,198
-	-	-	-	-	-	8,007,198
36,310	231	160	123	2,075,095	2,111,919	2,251,767
-	-	-	-	-	-	2,269,255
<u>36,310</u>	<u>231</u>	<u>160</u>	<u>123</u>	<u>2,075,095</u>	<u>2,111,919</u>	<u>4,521,022</u>
<u>\$ 36,310</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 123</u>	<u>\$ 2,075,095</u>	<u>\$ 2,111,919</u>	<u>\$ 13,220,304</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2013

	Special Revenue			
	Parks and Recreation	State Grant	Disability and Relief	Total
REVENUES				
General property taxes	\$ 2,353,726	\$ -	\$ 5,896,434	\$ 8,250,160
Intergovernmental	212,464	314,264	169,368	696,096
Admissions, fees, rentals and concessions	251,045	-	689	251,734
Interest	8,333	164	1,249	9,746
Other	3,880	-	3,824	7,704
Total revenues	<u>2,829,448</u>	<u>314,428</u>	<u>6,071,564</u>	<u>9,215,440</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,151,558	-	-	4,151,558
Supplies	679,895	26,452	-	706,347
Other Services and Charges	1,289,873	198,695	6,070,314	7,558,882
Capital Outlay	343,255	104,374	-	447,629
Total expenditures	<u>6,464,581</u>	<u>329,521</u>	<u>6,070,314</u>	<u>12,864,416</u>
Excess (deficiency) of revenues over expenditures	<u>(3,635,133)</u>	<u>(15,093)</u>	<u>1,250</u>	<u>(3,648,976)</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	3,701,044	14,402	-	3,715,446
Issuance of long term debt	14,135	-	-	14,135
Transfers out:				
General Fund	(5,530)	(1,100)	-	(6,630)
Sale of capital assets	7,500	-	-	7,500
Total other financing sources	<u>3,717,149</u>	<u>13,302</u>	<u>-</u>	<u>3,730,451</u>
Net change in fund balances	82,016	(1,791)	1,250	81,475
Fund balances at beginning of year	<u>2,134,692</u>	<u>141,639</u>	<u>51,297</u>	<u>2,327,628</u>
Fund balances at end of year	<u>\$ 2,216,708</u>	<u>\$ 139,848</u>	<u>\$ 52,547</u>	<u>\$ 2,409,103</u>

Capital Projects

1982 Industrial Park Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2012 GO Note	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,250,160
-	-	-	-	-	-	696,096
-	-	-	-	-	-	251,734
147	-	-	-	5,485	5,632	15,378
-	-	-	-	-	-	7,704
147	-	-	-	5,485	5,632	9,221,072
-	-	-	-	-	-	4,151,558
-	-	-	-	-	-	706,347
-	-	-	-	94,593	94,593	7,653,475
-	-	-	-	-	-	447,629
-	-	-	-	94,593	94,593	12,959,009
147	-	-	-	(89,108)	(88,961)	(3,737,937)
-	-	-	-	-	-	3,715,446
-	-	-	-	11,098,377	11,098,377	11,112,512
-	-	-	-	-	-	(6,630)
-	-	-	-	-	-	7,500
-	-	-	-	2,164,874	2,164,874	5,895,325
147	-	-	-	2,075,766	2,075,913	2,157,388
36,163	231	160	123	(671)	36,006	2,363,634
\$ 36,310	\$ 231	\$ 160	\$ 123	\$ 2,075,095	\$ 2,111,919	\$ 4,521,022

City of Jackson
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	<u>Budget Amount</u>			<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
General property taxes	\$ 2,335,515	\$ 2,335,515	\$ 2,353,726	\$ 18,211
Intergovernmental	-	-	212,464	212,464
Admissions, fees, rentals and concessions	477,546	577,546	251,045	(326,501)
Interest	-	-	8,333	8,333
Other	185,000	185,000	6,890	(178,110)
Total revenues	<u>2,998,061</u>	<u>3,098,061</u>	<u>2,832,458</u>	<u>(265,603)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,718,955	4,715,329	4,151,558	563,771
Supplies	887,487	1,065,871	679,895	385,976
Other Services and Charges	1,477,616	2,387,755	1,289,873	1,097,882
Capital Outlay	462,251	625,809	343,255	282,554
Total expenditures	<u>7,546,309</u>	<u>8,794,764</u>	<u>6,464,581</u>	<u>2,330,183</u>
Excess (deficiency) of revenues over expenditures	<u>(4,548,248)</u>	<u>(5,696,703)</u>	<u>(3,632,123)</u>	<u>2,064,580</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	3,701,044	3,701,044	3,701,044	-
Issuance of long term debt	-	-	14,135	14,135
Operating Transfers (Out):				
Water/Sewer	-	-	(5,530)	(5,530)
Sale of capital assets	-	-	7,500	7,500
Total other financing sources (uses)	<u>3,701,044</u>	<u>3,701,044</u>	<u>3,717,149</u>	<u>16,105</u>
Net change in fund balances	(847,204)	(1,995,659)	85,026	2,080,685
Fund balances at beginning of year	<u>2,134,692</u>	<u>2,134,692</u>	<u>2,134,692</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,287,488</u>	<u>\$ 139,033</u>	<u>\$ 2,219,718</u>	<u>\$ 2,080,685</u>

City of Jackson
State Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 450,000	\$ 687,932	\$ 314,264	(373,668)
Interest	-	-	164	164
Total revenues	<u>450,000</u>	<u>687,932</u>	<u>314,428</u>	<u>(373,504)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	14,600	14,600	-	14,600
Supplies	-	-	26,452	(26,452)
Other Services and Charges	382,040	510,545	198,695	311,850
Capital Outlay	<u>55,400</u>	<u>164,827</u>	<u>104,374</u>	<u>60,453</u>
Total expenditures	<u>452,040</u>	<u>689,972</u>	<u>329,521</u>	<u>360,451</u>
Excess (deficiency) of revenues over expenditures	<u>(2,040)</u>	<u>(2,040)</u>	<u>(15,093)</u>	<u>(13,053)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	-	-	14,402	14,402
Transfers out:				
Water/Sewer Fund	<u>-</u>	<u>-</u>	<u>(1,100)</u>	<u>(1,100)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,302</u>	<u>13,302</u>
Net change in fund balances	(2,040)	(2,040)	(1,791)	249
Fund balances at beginning of year	<u>141,639</u>	<u>141,639</u>	<u>141,639</u>	<u>-</u>
Fund balances at end of year	<u>\$ 139,599</u>	<u>\$ 139,599</u>	<u>\$ 139,848</u>	<u>\$ 249</u>

City of Jackson
Disability and Relief Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 5,713,618	\$ 5,713,618	\$ 5,896,434	\$ 182,816
Intergovernmental	189,832	189,832	169,368	(20,464)
Admissions, fees, rentals and concessions	-	-	689	689
Interest	-	-	1,249	1,249
Other	4,200	4,200	3,824	(376)
Total revenues	<u>5,907,650</u>	<u>5,907,650</u>	<u>6,071,564</u>	<u>163,914</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	<u>5,907,650</u>	<u>5,907,650</u>	<u>6,070,314</u>	<u>(162,664)</u>
Total expenditures	<u>5,907,650</u>	<u>5,907,650</u>	<u>6,070,314</u>	<u>(162,664)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>(1,250)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	1,250	(1,250)
Fund balances at beginning of year	<u>51,297</u>	<u>51,297</u>	<u>51,297</u>	<u>-</u>
Fund balances at end of year	<u>\$ 51,297</u>	<u>\$ 51,297</u>	<u>\$ 52,547</u>	<u>\$ (1,250)</u>

City of Jackson
Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
General property taxes				
Current realty taxes	\$ 2,274,645	\$ 2,274,645	\$ 2,307,401	\$ 32,756
Current personal taxes	915,576	915,576	950,647	35,071
Delinquent taxes	75,000	75,000	63,907	(11,093)
Automobile ad valorem taxes	361,803	361,803	425,099	63,296
Homestead exemption	92,600	92,600	105,279	12,679
Interest	1,000	1,888	11,038	9,150
Special assessments	-	-	2,908	2,908
Other revenues	3,696,544	3,339,268	3,349,293	10,025
Total revenues	7,417,168	7,060,780	7,215,572	154,792
EXPENDITURES				
General obligation bonds				
Principal	1,192,000	479,628	2,779,628	(2,300,000)
Interest	6,408,488	5,113,311	5,018,667	94,644
Bank service charge	15,425	15,425	13,560	1,865
Refunding bond issuance cost	-	705,819	708,804	(2,985)
Other services and charges	-	1,845,535	1,309,348	536,187
Total expenditures	7,615,913	8,159,718	9,830,007	(1,670,289)
Deficiency of revenues over (under) expenditures	(198,745)	(1,098,938)	(2,614,435)	1,515,497
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,322,300	2,322,300	-
Sale of bonds	-	64,940,000	64,940,000	-
Premium on sale of bonds	-	5,738,416	5,738,416	-
Payment to refunded bond escrow	-	(69,891,033)	(69,891,032)	1
Total other financing sources (uses)	-	3,109,683	3,109,684	1
Net change in fund balances	(198,745)	2,010,745	495,249	1,515,496
Fund balances at beginning of year	2,331,343	2,331,343	2,331,343	-
Fund balances at end of year	\$ 2,132,598	\$ 4,342,088	\$ 2,826,592	\$ 1,515,496

City of Jackson
1982 Industrial Park Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 147	\$ 147
Total revenues	-	-	147	147
EXPENDITURES				
Current Operations:				
Other Services and Charges	34,760	34,760	-	34,760
Total expenditures	34,760	34,760	-	34,760
Deficiency of revenues over (under) expenditures	(34,760)	(34,760)	147	34,907
Net change in fund balances	(34,760)	(34,760)	147	34,907
Fund balances at beginning of year	36,163	36,163	36,163	-
Fund balances at end of year	<u>\$ 1,403</u>	<u>\$ 1,403</u>	<u>\$ 36,310</u>	<u>\$ 34,907</u>

City of Jackson
1998 GO Bond Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$	\$ -	\$ 3,144	\$ 3,144
Total revenues	-	-	3,144	3,144
EXPENDITURES				
Current Operations				
Supplies	5,229	3,815	-	3,815
Other services and charges	490,017	361,408	190,131	171,277
Total expenditures	495,246	365,223	190,131	175,092
Deficiency of revenues over (under) expenditure	(495,246)	(365,223)	(186,987)	178,236
Net change in fund balances	(495,246)	(365,223)	(186,987)	178,236
Fund balances at beginning of year	365,223	365,223	365,223	-
Fund balances at end of year	<u>\$ (130,023)</u>	<u>\$ -</u>	<u>\$ 178,236</u>	<u>\$ 178,236</u>

City of Jackson
2003 GO Public Improvement Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 6,786,312	\$16,169,770	\$ 7,166,463	\$ (9,003,307)
Interest	8,663	8,663	10,956	2,293
Total revenues	<u>6,794,975</u>	<u>16,178,433</u>	<u>7,177,419</u>	<u>(9,001,014)</u>
EXPENDITURES				
Current Operations				
Personnel services	17,179	17,179	-	17,179
Supplies	32,818	31,828	-	31,828
Other services and charges	11,111,740	19,283,181	7,139,588	12,143,593
Capital outlay	39,500	39,500	-	39,500
Total expenditures	<u>11,201,237</u>	<u>19,371,688</u>	<u>7,139,588</u>	<u>12,232,100</u>
Deficiency of revenues over (under) expenditures	<u>(4,406,262)</u>	<u>(3,193,255)</u>	<u>37,831</u>	<u>3,231,086</u>
Net change in fund balances	<u>(4,406,262)</u>	<u>(3,193,255)</u>	<u>37,831</u>	<u>3,231,086</u>
Fund balances at beginning of year	<u>3,193,255</u>	<u>3,193,255</u>	<u>3,193,255</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ (1,213,007)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,231,086</u></u>	<u><u>\$ 3,231,086</u></u>

City of Jackson
2006 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 1,034	\$ 1,034
Total revenues	-	-	1,034	1,034
EXPENDITURES				
Current Operations				
Other services and charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	1,034	1,034
Net change in fund balances	-	-	1,034	1,034
Fund balances at beginning of year	315,627	315,627	315,627	-
Fund balances at end of year	<u>\$ 315,627</u>	<u>\$ 315,627</u>	<u>\$ 316,661</u>	<u>\$ 1,034</u>

City of Jackson
2009 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 200,000	\$ 200,000	-
Interest	-	-	13,117	13,117
Total revenues	-	200,000	213,117	13,117
EXPENDITURES				
Current Operations				
Supplies	5,229	3,815	-	3,815
Other services and charges	490,017	361,408	2,026,911	(1,665,503)
Total expenditures	495,246	365,223	2,026,911	(1,661,688)
Deficiency of revenues over (under) expenditures	(495,246)	(165,223)	(1,813,794)	(1,648,571)
Net change in fund balances	(495,246)	(165,223)	(1,813,794)	(1,648,571)
Fund balances at beginning of year	4,240,771	4,240,771	4,240,771	-
Fund balances at end of year	<u>\$ 3,745,525</u>	<u>\$ 4,075,548</u>	<u>\$ 2,426,977</u>	<u>\$ (1,648,571)</u>

City of Jackson
2009 Tax Increment Financing Bond Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other services and charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES(USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	123	-
Fund balances at end of year	\$ -	\$ -	\$ 123	\$ -

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	231	-
Fund balances at end of year	\$ -	\$ -	\$ 231	\$ -

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	160	-
Fund balances at end of year	\$ -	\$ -	\$ 160	\$ -

City of Jackson
2012 GO Note Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
REVENUES	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Interest	\$ -	\$ -	\$ 5,485	\$ 5,485
Other	-	-	-	-
Total revenues	-	-	5,485	5,485
EXPENDITURES				
Current Operations:				
Other Services and Charges	920,875	9,934,378	94,593	9,839,785
Total expenditures	920,875	9,934,378	94,593	9,839,785
Deficiency of revenues over (under) expenditures	(920,875)	(9,934,378)	(89,108)	9,845,270
OTHER FINANCING SOURCES (USES)				
Transfers out			(8,933,503)	(8,933,503)
Proceeds from long term debt	-	9,013,503	11,098,377	2,084,874
Total other financing sources (uses)	-	9,013,503	2,164,874	(6,848,629)
Net change in fund balances	(920,875)	(920,875)	2,075,766	2,996,641
Fund balances at beginning of year	(671)	(671)	(671)	-
Fund balances at end of year	<u>\$ (921,546)</u>	<u>\$ (921,546)</u>	<u>\$ 2,075,095</u>	<u>\$ 2,996,641</u>

City of Jackson
 Capitol Street 2-Way
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the year ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ -	\$ 7,298,915	\$ 2,137,562	\$ (5,161,353)
Interest	-	-	975	975
Total revenues	-	7,298,915	2,138,537	(5,160,378)
EXPENDITURES				
Current Operations				
Other services and charges	-	7,761,666	349,839	7,411,827
Total expenditures	-	7,761,666	349,839	7,411,827
Deficiency of revenues over (under) expenditures	-	(462,751)	1,788,698	2,251,449
OTHER FINANCING SOURCES(USES)				
Transfers in	-	462,751	462,751	-
Total other financing sources and uses	-	462,751	462,751	-
Net change in fund balances	-	-	2,251,449	2,251,449
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ 2,251,449	\$ 2,251,449

**NON-MAJOR
PROPRIETARY FUNDS**

Nonmajor Proprietary

Madison Sewage Disposal System Fund

To account for costs of construction, operation and maintenance of the East Madison County Sewage Disposal System. The City of Ridgeland, Mississippi will be responsible for the service contracts with Madison County participating in the system.

Transportation Fund

To account for operational costs of the City's transit system. Deficiencies in the revenues over expenses are financed by the City.

City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Funds
As of September 30, 2013

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalent	\$ 53,417	\$ -	\$ 53,417
Intergovernmental Receivable	<u>-</u>	<u>2,795,358</u>	<u>2,795,358</u>
Total Current Asset	<u>53,417</u>	<u>2,795,358</u>	<u>2,848,775</u>
 Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	187,903	187,903
Water plant, distribution system and equipment	532,942	410,690	943,632
Automotive and other equipment	<u>5,278</u>	<u>11,178,965</u>	<u>11,184,243</u>
	538,220	12,227,558	12,765,778
Less: accumulated depreciation	<u>(227,278)</u>	<u>(6,301,442)</u>	<u>(6,528,720)</u>
	310,942	5,926,116	6,237,058
Construction in progress	<u>13,800</u>	<u>2,424,314</u>	<u>2,438,114</u>
Net property, plant and equipment	<u>324,742</u>	<u>8,350,430</u>	<u>8,675,172</u>
 Total Assets	<u><u>\$ 378,159</u></u>	<u><u>\$ 11,145,788</u></u>	<u><u>\$ 11,523,947</u></u>

City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Funds
As of September 30, 2013

	Madison Sewage	Transportation	Totals
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 42,315	\$ 150,757	\$ 193,072
Due to other funds	-	4,067,463	4,067,463
Compensated absences	-	9,006	9,006
Current portion of long term debt:			
Lease Obligations	-	219,587	219,587
Total current liabilities	42,315	4,446,813	4,489,128
Post Employment Benefits accrual	-	49,406	49,406
Long Term Debt (less amounts classified as current liabilities):			
Lease obligations	-	370,452	370,452
Total long-term debt	-	370,452	370,452
Total liabilities	42,315	4,866,671	4,908,986
NET POSITION			
Invested in Capital Assets, net of related debt	324,742	7,760,391	8,085,133
Unrestricted	11,102	(1,481,274)	(1,470,172)
Total Net Position	335,844	6,279,117	6,614,961
Total liabilities and net position	\$ 378,159	\$ 11,145,788	\$ 11,523,947

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2013

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Operating Revenues:			
Sales to Customers	\$ -	\$ 676,999	\$ 676,999
Other Revenue	<u>108</u>	<u>480,000</u>	<u>480,108</u>
 Total Operating revenues	 <u>108</u>	 <u>1,156,999</u>	 <u>1,157,107</u>
Operating Expenses:			
Personnel Services	-	221,643	221,643
Supplies	-	854,221	854,221
Other services and charges	68,886	5,669,908	5,738,794
Depreciation	<u>13,148</u>	<u>807,927</u>	<u>821,075</u>
Total operating expenses	<u>82,034</u>	<u>7,553,699</u>	<u>7,635,733</u>
 Operating Income (loss)	 <u>(81,926)</u>	 <u>(6,396,700)</u>	 <u>(6,478,626)</u>
Nonoperating Revenues (Expenses):			
 Interest revenue	 <u>-</u>	 <u>119</u>	 <u>119</u>
 Total nonoperating revenues (expenses)	 <u>-</u>	 <u>119</u>	 <u>119</u>
 Loss before contributions and transfers	 <u>(81,926)</u>	 <u>(6,396,581)</u>	 <u>(6,478,507)</u>
 Capital contributions from grants	 <u>-</u>	 <u>3,154,366</u>	 <u>3,154,366</u>
Transfers In:			
General Fund	-	4,409,563	4,409,563
Enterprise Funds	<u>92,098</u>	<u>-</u>	<u>92,098</u>
 Total transfers in (out)	 <u>92,098</u>	 <u>4,409,563</u>	 <u>4,501,661</u>
 Change in Net Position	 10,172	 1,167,348	 1,177,520
 Total net position - beginning	 <u>325,672</u>	 <u>5,111,769</u>	 <u>5,437,441</u>
 Total net position - ending	 <u>\$ 335,844</u>	 <u>\$ 6,279,117</u>	 <u>\$ 6,614,961</u>

City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2013

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ 676,999	\$ 676,999
Receipts from other revenue	108	(1,656,824)	(1,656,716)
Payments to suppliers	(67,855)	(5,509,858)	(5,577,713)
Payments to employees	-	(217,992)	(217,992)
Net cash used for			
Operating activities	(67,747)	(6,707,675)	(6,775,422)
Cash Flows from Noncapital Financing Activities			
Transfers In	92,098	4,409,563	4,501,661
Net cash provided by noncapital and related financing activities	92,098	4,409,563	4,501,661
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(5,278)	(752,992)	(758,270)
Proceeds from capital debt	-	76,540	76,540
Principal paid on capital debt	-	(212,094)	(212,094)
Proceeds from capital contributions	-	3,154,366	3,154,366
Net cash provided by capital and related financing activities	(5,278)	2,265,820	2,260,542
Cash Flow Provided by Investing Activities:			
Interest on investments	-	119	119
Net cash provided by investing activities	-	119	119
Net increase (decrease) in cash and cash equivalents	19,073	(32,173)	(13,100)
Cash and cash equivalents at beginning of year	34,344	32,173	66,517
Cash and cash equivalents at end of year	<u>\$ 53,417</u>	<u>\$ -</u>	<u>\$ 53,417</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating loss	\$ (81,926)	\$ (6,396,700)	\$ (6,478,626)
Depreciation expense	13,148	807,927	821,075
(Increase) decrease in other receivable	-	(2,131,481)	(2,131,481)
Increase (decrease) in due to other funds	-	1,138,519	1,138,519
Increase (decrease) in accounts payable	1,031	(129,591)	(128,560)
Increase (decrease) in compensated absences	-	283	283
Increase (decrease) in other liabilities	-	3,368	3,368
Total adjustments	14,179	(310,975)	(296,796)
Net cash provided by operating activities	<u>\$ (67,747)</u>	<u>\$ (6,707,675)</u>	<u>\$ (6,775,422)</u>
Noncash Investing, Capital, and Financing Activities:			
Borrowing under capital lease	\$ -	\$ 76,540	

FIDUCIARY FUNDS

Fiduciary Funds

Unemployment Compensation Revolving Fund

To account for money held in trust to fund unemployment claims pursuant to State law.

Charitable Trust Fire and Police Fund

To account for contributions from the public sector which are held in trust for police and fire allowable claims.

Mausoleum Trust Fund

To account for funds to be used for maintenance and upkeep of the Henry Mausoleum located in Kernaghan Cemetery.

Tax Collections

To account for receipt of tax collections for and subsequent payment to the Jackson/Hinds Library System, Jackson Municipal Separate School District, Capital City Community Convention Center, and Jackson Convention & Visitors Bureau.

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 432,216	\$ 9,155	\$ -	\$ 441,371
Investment at fair value: Certificate of deposit	-	-	32,270	32,270
Total assets	<u>\$ 432,216</u>	<u>\$ 9,155</u>	<u>\$ 32,270</u>	<u>\$ 473,641</u>
Liabilities and Net Position				
Liabilities:				
Payables to others	-	-	-	-
Total liabilities	-	-	-	-
Net Position:				
Held in trust	<u>432,216</u>	<u>9,155</u>	<u>32,270</u>	<u>473,641</u>
Total net assets	<u>432,216</u>	<u>9,155</u>	<u>32,270</u>	<u>473,641</u>
Total liabilities and net position	<u>\$ 432,216</u>	<u>\$ 9,155</u>	<u>\$ 32,270</u>	<u>\$ 473,641</u>

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Unemployment Compensation Revolving Fund	Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Additions:				
Interest	\$ 1,384	\$ 65	\$ -	\$ 1,449
Other additions	<u>209,274</u>	<u>-</u>	<u>-</u>	<u>209,274</u>
Total additions	<u>210,658</u>	<u>65</u>	<u>-</u>	<u>210,723</u>
Deductions:				
General government Trust funds	<u>166,339</u>	<u>-</u>	<u>-</u>	<u>166,339</u>
Total deductions	<u>166,339</u>	<u>-</u>	<u>-</u>	<u>166,339</u>
Change in Net Position	44,319	65	-	44,384
Net position at beginning of year	<u>387,897</u>	<u>9,090</u>	<u>32,270</u>	<u>429,257</u>
Net position at end of year	<u>\$ 432,216</u>	<u>\$ 9,155</u>	<u>\$ 32,270</u>	<u>\$ 473,641</u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	ASSETS		LIABILITIES	
	<u>Cash and Cash Equivalents</u>	<u>Total Assets</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
Capital City Community Convention Center				
Balance at October 1, 2012	\$ 21,379	\$ 21,379	\$ 21,379	\$ 21,379
Additions	4,609,627	4,609,627	4,609,627	4,609,627
Deductions	<u>4,618,764</u>	<u>4,618,764</u>	<u>4,618,764</u>	<u>4,618,764</u>
Balance at September 30, 2013	\$ <u>12,242</u>	\$ <u>12,242</u>	\$ <u>12,242</u>	\$ <u>12,242</u>
Jackson Convention & Visitors Bureau				
Balance at October 1, 2012	\$ -	\$ -	\$ -	\$ -
Additions	3,246,324	3,246,324	3,246,324	3,246,324
Deductions	<u>3,246,324</u>	<u>3,246,324</u>	<u>3,246,324</u>	<u>3,246,324</u>
Balance at September 30, 2013	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Jackson/Hinds Library System				
Balance at October 1, 2012	\$ -	\$ -	\$ -	\$ -
Additions	1,634,288	1,634,288	1,634,288	1,634,288
Deductions	<u>1,634,288</u>	<u>1,634,288</u>	<u>1,634,288</u>	<u>1,634,288</u>
Balance at September 30, 2013	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Jackson Municipal Separate School District				
Balance at October 1, 2012	\$ -	\$ -	\$ -	\$ -
Additions	9,357,325	9,357,325	9,357,325	9,357,325
Deductions	<u>9,357,325</u>	<u>9,357,325</u>	<u>9,357,325</u>	<u>9,357,325</u>
Balance at September 30, 2013	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total - All Agency Funds:				
Balance at October 1, 2012	\$ 21,379	\$ 21,379	\$ 21,379	\$ 21,379
Additions	18,847,564	18,847,564	18,847,564	18,847,564
Deductions	<u>18,856,701</u>	<u>18,856,701</u>	<u>18,856,701</u>	<u>18,856,701</u>
Balance at September 30, 2013	\$ <u>12,242</u>	\$ <u>12,242</u>	\$ <u>12,242</u>	\$ <u>12,242</u>

CAPITAL ASSETS

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Governmental funds capital assets:		
Land	\$ 14,443,131	\$ 14,500,351
Buildings	81,480,260	81,480,260
Automotive and equipment:	75,312,543	70,639,460
Infrastructure	219,955,869	214,244,644
Construction in progress	<u>98,565,717</u>	<u>93,985,876</u>
Total governmental funds capital assets	<u>\$ 489,757,520</u>	<u>\$ 474,850,591</u>
 Investment in governmental funds capital assets by source:		
Assets prior to 1985 not segregated by sources	\$ 14,002,713	\$ 14,002,713
General Fund revenues	81,347,095	77,050,416
Special Revenue Fund revenues	95,226,355	95,008,222
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	252,669,962	242,408,749
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	39,465,922	39,377,918
State grants	95,161	52,261
County grants	<u>430,949</u>	<u>430,949</u>
Total governmental funds capital assets	<u>\$ 489,757,520</u>	<u>\$ 474,850,591</u>

(1) This schedule presents only the capital asset balances (excluding accumulated depreciation) related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2013

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,957,843	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 14,002,712
General Government:						
Planning	401,119	43,001	39,349	387,080	3,348,277	4,218,826
Code Services	-	-	-	682,941	-	682,941
Telecommunication	-	4,554,834	8,943	188,241	-	4,752,018
Data Processing / Information System	-	42,257	-	5,724,086	-	5,766,343
Vehicle Pool Fund	-	-	-	1,502,804	-	1,502,804
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	272,762	-	2,705,392
Personnel	-	-	-	225,894	-	225,894
Municipal Court Services	-	-	-	1,451,978	712,767	2,164,745
Vehicle Maintenance	-	5,816	-	720,841	1,789	728,446
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	501,119	6,945,300	181,530	11,485,691	4,062,833	23,176,473
Urban Development and Housing:						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	15,044,796	243,000	-	-	15,287,796
Total urban development and housing	88,078	15,044,796	243,000	80,999	-	15,456,873
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	455,372	-	706,716
Day Care Services	-	281,849	16,109	256,428	-	554,386
Senior Centers/Community Centers	-	1,271,615	-	19,813	-	1,291,428
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	48,671	-	66,192
Total health and welfare	46,245	1,820,453	17,985	795,113	-	2,679,796

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2013

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Public Safety:						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,580,587	\$ 17,760,322	\$ 677,910	\$ 27,394,792
Police Department	123,992	6,037,047	856,190	26,947,882	12,249,406	46,214,517
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	198,992	14,428,748	8,939,283	45,160,026	12,927,316	81,654,365
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	-	5,185,518	-	6,791,657
Traffic Engineering	-	17,215	638,701	2,342,985	1,506,018	4,504,919
Traffic Signals	-	-	2,355,398	425,624	8,881,133	11,662,155
Care and Maintenance of Public Buildings	-	7,817,689	433,294	131,752	10,201,865	18,584,600
Custodial Services	-	-	-	121,244	-	121,244
Public Works Deputy Dir/Adm	-	-	-	41,124	3,128	44,252
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	128,148,222	400,945	46,328,235	175,231,680
Storm Drainage	-	-	70,154,513	816,301	6,752,068	77,722,882
Bridges	-	-	23,032	-	2,847,769	2,870,801
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	939,551	8,984,200	201,865,319	9,610,172	76,520,216	297,919,458
Culture and Recreation:						
Planetarium	-	827,314	34,963	495,482	-	1,357,759
Jackson Zoological Park	-	3,000,000	-	465,122	172,281	3,637,403
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	16,678,250	7,947,871	3,019,253	(142,510)	27,728,684
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	-	156,099	2,437,501	8,304,533
Smith Robertson Cultural Center	-	1,238,810	185,738	57,595	155,007	1,637,150
City Auditorium and Art Center	-	3,849,374	511,131	64,922	2,433,073	6,858,500
Total culture and recreation	225,820	31,310,439	8,708,752	4,269,673	5,055,352	49,570,036

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2013

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,665	\$ -	\$ 397,248	\$ -	\$ 799,913
City Clerk	-	-	-	165,842	-	165,842
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	246,356	-	263,643
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>866,000</u>	<u>-</u>	<u>5,297,807</u>
Total governmental funds capital assets	<u>\$ 14,443,131</u>	<u>\$ 81,480,260</u>	<u>\$ 219,955,869</u>	<u>\$ 75,312,543</u>	<u>\$ 98,565,717</u>	<u>\$ 489,757,520</u>

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY(1)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Governmental Funds Capital Assets October 1, 2012	Additions	Deductions	Governmental Funds Capital Assets September 30, 2013
General Government:				
Planning	\$ 2,315,941	\$ 566,885	\$ 57,220	\$ 2,825,606
Code Services	633,095	-	60,031	573,064
Information Systems	1,528,193	233,603	37,881	1,723,915
Transportation	10,192,613	-	-	10,192,613
Data Processing	724,267	-	-	724,267
Vehicle Pool	844,598	87,954	-	932,552
Telecommunications	10,369,823	21,187	-	10,391,010
Office Services	1,669	-	-	1,669
Purchasing	50,839	-	-	50,839
Finance and Management	7,706,344	-	13,769	7,692,575
Personnel	136,244	-	-	136,244
Municipal Court Services	1,947,895	-	-	1,947,895
Vehicle Maintenance	1,638,917	1,789	11,734	1,628,972
Total general government	38,090,438	911,418	180,635	38,821,221
Urban Development and Housing:				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
Total urban development and housing	13,721,247	-	-	13,721,247
Health and Welfare:				
Senior Services	810,241	-	-	810,241
Day Care Services	1,219,280	-	10,300	1,208,980
Senior Centers/Community Centers	616,255	-	-	616,255
Human and Cultural Services	1,332,992	73,512	34,427	1,372,077
Total health and welfare	3,978,768	73,512	44,727	4,007,553

(Continued)

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Governmental Funds Capital Assets October 1, 2012	Additions	Deductions	Governmental Funds Capital Assets September 30, 2013
Public Safety:				
Fire Department	\$ 27,906,331	\$ 4,030,350	\$ 14,642	\$ 31,922,039
Police Department	42,995,816	1,347,581	919,773	43,423,624
Small Animal Control	1,714,102	-	-	1,714,102
Juvenile Justice	11,693,078	-	-	11,693,078
Communication Center	4,120,964	-	-	4,120,964
Public Safety Garage	230,776	-	-	230,776
Total public safety	88,661,067	5,377,931	934,415	93,104,583
Public Works:				
Cemeteries	356,014	-	-	356,014
Engineering	4,502,852	710,856	-	5,213,708
Traffic Engineering	14,379,867	2,996,753	2,595,319	14,781,301
Public Works Administration	14,408	-	-	14,408
Care and Maintenance of Public Buildings	21,389,716	(31,314)	3,590	21,354,812
Custodial Services	131,867	-	10,368	121,499
Pest Control	10,452	-	-	10,452
Central Supply	709,337	-	-	709,337
Streets	164,330,333	9,533,269	2,193,222	171,670,380
Storm Drainage	63,249,839	1,533,860	533,147	64,250,552
Soil Conservation	482,909	-	-	482,909
Total public works	269,557,594	14,743,424	5,335,646	278,965,372
Culture and Recreation:				
Planetarium	4,789,583	34,963	47,584	4,776,962
Jackson Zoological Park	3,678,574	9,100	-	3,687,674
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	18,288,770	898,260	734,385	18,452,645
Library	10,611,997	-	-	10,611,997
Smith Robertson Cultural Center	2,856,528	11,290	-	2,867,818
City Auditorium and Art Center	13,892,048	148,736	-	14,040,784
Total culture and recreation	54,193,338	1,102,349	781,969	54,513,718

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Governmental Funds Capital Assets October 1, 2012	Additions	Deductions	Governmental Funds Capital Assets September 30, 2013
Miscellaneous:				
City Council/Mayor	\$ 6,383,538	-	-	\$ 6,383,538
City Clerk	45,060	-	-	45,060
Legal	187,849	-	24,313	163,536
Mayor's Action Line	7,674	-	-	7,674
Internal Audit	24,018	-	-	24,018
Total miscellaneous	6,648,139	-	24,313	6,623,826
Total governmental funds capital assets	\$ 474,850,591	\$ 22,208,634	\$ 7,301,705	\$ 489,757,520

STATISTICAL SECTION

This part of the City of Jackson's comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents	Page
Financial Trends	116
These schedules contain trend information to help the reader understand how the City of Jackson's financial performance and well-being have changed over time.	
Revenue Capacity	121
These schedules contain information to help the reader assess the City of Jackson's most significant local revenue source, the property tax.	
Debt Capacity	125
These schedules present information to help the reader assess the affordability of the City of Jackson's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Jackson's financial activities take place.	
Operating Information	134
These schedules contain service and infrastructure data to help the reader understand how the information in the City of Jackson's financial report relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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City of Jackson
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Invested in capital assets, net of related debt	\$ 179,234	\$ 187,511	\$ 180,357	\$ 188,172	\$ 180,607	\$ 197,359	\$ 207,047	\$ 168,144	\$ 131,159	\$ 113,083
Restricted	13,446	15,040	17,469	23,585	32,587	28,617	64,061	4,169	4,296	5,787
Unrestricted	(45,855)	(41,290)	(36,100)	(38,882)	(32,604)	(37,367)	(44,725)	33,779	40,415	53,370
Total governmental activities net position	\$ 146,825	\$ 161,261	\$ 161,726	\$ 172,875	\$ 180,590	\$ 188,609	\$ 226,383	\$ 206,092	\$ 175,870	\$ 172,240
Business-type activities										
Invested in capital assets, net of related debt	\$ 101,011	\$ 184,185	\$ 183,735	\$ 176,170	\$ 163,408	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995	\$ 128,208
Restricted	-	-	-	-	3,861	3,820	3,765	3,661	3,643	3,581
Unrestricted	159,496	73,303	78,501	77,521	82,482	91,591	94,972	94,115	136,958	85,831
Total business-type activities net position	\$ 260,507	\$ 257,488	\$ 262,236	\$ 253,691	\$ 249,751	\$ 251,720	\$ 245,750	\$ 233,288	\$ 221,596	\$ 217,620
Primary government										
Invested in capital assets, net of related debt	\$ 280,245	\$ 371,696	\$ 364,092	\$ 364,342	\$ 344,015	\$ 353,668	\$ 354,060	\$ 303,656	\$ 212,154	\$ 241,291
Restricted	13,446	15,041	17,469	23,585	36,448	32,437	67,826	7,830	7,939	9,368
Unrestricted	113,641	32,013	42,401	38,639	49,878	54,224	50,247	127,894	177,373	139,201
Total primary government net position	\$ 407,332	\$ 418,749	\$ 423,962	\$ 426,566	\$ 430,341	\$ 440,329	\$ 472,133	\$ 439,380	\$ 397,466	\$ 389,860

Source: Statement of Net Position.

City of Jackson
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
Expenses	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
General government	\$ 40,602	\$ 29,456	\$ 29,312	\$ 32,358	\$ 44,790	\$ 69,721	\$ 49,147	\$ 29,179	\$ 33,311	\$ 30,021
Public safety	64,780	57,055	59,166	56,922	55,996	53,664	62,576	29,109	53,193	59,495
Public works	24,661	24,721	21,774	27,451	31,518	25,301	15,993	35,819	23,972	19,657
Human and cultural services	14,311	13,756	16,011	9,645	14,170	14,890	13,067	17,004	14,069	10,829
Employee benefits	7,860	8,685	8,625	8,764	2,149	1,765	2,180	1,836	3,257	2,329
Interest on long-term debt	8,230	7,448	5,864	8,830	5,389	5,917	5,647	4,731	9,307	5,965
Total governmental activities expenses	160,444	141,121	140,752	143,970	154,012	171,258	148,610	117,678	137,109	128,296
Business-type activities:										
Water/Sewer	48,891	55,347	41,795	41,064	42,275	45,279	39,904	41,184	39,663	39,299
Transportation	7,554	6,970	8,713	7,956	7,990	7,685	6,852	6,589	6,167	6,117
Madison Sewage	82	74	51	-	-	-	-	-	-	-
Sanitation	11,699	11,894	11,156	10,244	10,296	10,299	10,931	9,893	8,979	9,205
Total business-type activities expenses	68,226	74,285	61,715	59,264	60,561	63,263	57,687	57,666	54,809	54,621
Total primary government expenses	\$ 228,670	\$ 215,406	\$ 202,467	\$ 203,234	\$ 214,573	\$ 234,521	\$ 206,297	\$ 175,344	\$ 191,918	\$ 182,917
Program Revenues										
Governmental activities:										
Charges for services	\$ 14,204	\$ 15,019	\$ 13,075	\$ 4,951	\$ 6,334	\$ 4,525	\$ 7,422	\$ 3,139	\$ 5,562	\$ 3,101
General government	823	798	367	3,241	2,824	3,135	2,806	3,003	7,993	5,662
Public Safety	200	253	15	1,206	1,469	1,393	1,147	1,698	7,038	2,682
Human and cultural services	595	885	619	2,025	1,575	2,813	1,667	1,481	2,524	2,036
Employee benefits	-	-	-	-	-	-	-	-	-	901
Operating grants and contributions	12,261	10,114	11,570	17,441	16,681	18,436	12,968	22,969	12,720	4,611
Capital grants and contributions	11,291	1,970	5,025	2,226	6,188	7,912	1,771	5,955	2,034	12,774
Total governmental activities program revenues	39,374	29,039	30,671	31,090	35,071	38,214	27,781	38,245	37,871	31,767
Business-type activities:										
Charges for services:										
Water/Sewer	44,052	47,966	47,578	41,974	41,440	47,468	43,847	42,262	39,023	40,809
Transportation	677	589	529	431	360	397	426	448	423	475
Sanitation	11,311	12,007	11,473	11,258	10,850	11,981	10,476	9,113	8,016	9,031
Operating grants and contributions	582	631	706	664	694	832	1,378	4,391	4,137	1,947
Capital grants and contributions	4,675	2,844	2,568	4,584	1,741	1,534	5,133	-	-	-
Total business-type activities program revenue	61,297	64,037	62,854	58,911	55,085	62,212	61,260	56,214	51,599	52,262
Total primary government program revenues	\$ 100,671	\$ 93,076	\$ 93,525	\$ 90,001	\$ 90,156	\$ 100,426	\$ 89,041	\$ 94,459	\$ 89,470	\$ 84,029

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (expense)/revenue										
Governmental activities	(121,071)	(112,083)	(110,081)	(112,880)	(118,941)	(133,044)	(120,829)	(79,433)	(99,238)	(96,529)
Business-type activities	(6,929)	(10,248)	1,139	(353)	(5,476)	(1,051)	3,573	(1,452)	(3,210)	(2,359)
Total primary government net expenses	<u>\$ (128,000)</u>	<u>\$ (122,332)</u>	<u>\$ (108,942)</u>	<u>\$ (113,233)</u>	<u>\$ (124,417)</u>	<u>\$ (134,095)</u>	<u>\$ (117,256)</u>	<u>\$ (80,885)</u>	<u>\$ (102,448)</u>	<u>\$ (98,888)</u>

General Revenues and Other Charges in

Net Assets

Governmental activities:

Taxes										
Property taxes	\$ 72,437	\$ 74,856	\$ 68,108	\$ 68,523	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529	\$ 60,675
Sales taxes	32,718	32,701	31,656	31,268	33,598	37,298	40,453	40,849	36,197	36,593
Franchise taxes	8,245	8,218	7,878	8,552	9,234	9,062	8,936	10,144	8,818	8,460
Investment earnings	145	395	341	187	616	3,021	5,251	1,864	1,042	964
Gain on sale of capital assets	108	166	172	40	-	478	198	301	3,189	27
Miscellaneous	577	282	317	204	203	106	20	25	494	3,034
Transfers	(9,585)	(5,000)	(10,232)	(4,027)	(4,027)	(4,613)	(4,369)	(5,473)	(4,288)	(3,513)
Total governmental activities	<u>104,644</u>	<u>111,617</u>	<u>98,240</u>	<u>104,747</u>	<u>110,922</u>	<u>111,197</u>	<u>115,526</u>	<u>109,655</u>	<u>104,981</u>	<u>106,240</u>
Business-type activities:										
Investment earnings	249	472	490	244	812	2,352	4,470	4,615	2,823	1,353
Gain on sale of capital assets	15	30	76	21	(1,332)	56	50	55	77	42
Transfers	9,585	5,000	5,565	4,027	4,027	4,613	4,369	5,473	4,288	3,513
Total business-type activities	<u>9,849</u>	<u>5,502</u>	<u>7,406</u>	<u>4,292</u>	<u>3,507</u>	<u>7,021</u>	<u>8,889</u>	<u>10,143</u>	<u>7,188</u>	<u>4,908</u>
Total primary government	<u>\$ 114,493</u>	<u>\$ 117,119</u>	<u>\$ 105,646</u>	<u>\$ 109,039</u>	<u>\$ 114,429</u>	<u>\$ 118,218</u>	<u>\$ 124,415</u>	<u>\$ 119,798</u>	<u>\$ 112,169</u>	<u>\$ 111,148</u>

Changes in Net Position

Governmental activities	\$ (16,426)	\$ (465)	\$ (11,841)	\$ (8,133)	\$ (8,019)	\$ (21,847)	\$ (5,303)	\$ 30,222	\$ 5,743	\$ 9,711
Business-type activities	2,921	(4,748)	8,545	3,939	(1,969)	5,970	12,462	8,691	3,978	2,549
Total primary government	<u>\$ (13,506)</u>	<u>\$ (5,213)</u>	<u>\$ (3,296)</u>	<u>\$ (4,194)</u>	<u>\$ (9,988)</u>	<u>\$ (15,877)</u>	<u>\$ 7,159</u>	<u>\$ 38,913</u>	<u>\$ 9,721</u>	<u>\$ 12,260</u>

Source: Statement of Activities

City of Jackson
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2013	56,970	29,902	1,590	26	270	88,758
2012	55,855	29,155	1,652	30	268	86,960
2011	54,594	30,798	1,823	28	268	87,511
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434
2008	48,769	35,428	1,477	31	282	85,987
2007	44,240	35,838	1,442	31	304	81,855
2006	41,324	37,993	1,398	31	302	81,048
2005	40,509	35,673	1,406	31	267	77,886
2004	41,660	35,882	1,152	31	261	78,986

Source: General Fund Budget and Actual Statement

City of Jackson
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund										
Nonspendable	\$ 2,283	\$ 2,160	\$ 1,814	\$ 1,470	\$ 1,327	\$ 1,301	\$ 1,138	\$ 981	\$ 924	\$ 859
Restricted	492	658	437	-	-	-	-	-	-	-
Committed	3,585	4,789	6,086	2,659	2,807	2,747	2,731	2,641	2,511	2,235
Assigned	49	49	33	-	-	-	-	-	-	-
Unassigned	26,517	26,310	24,757	26,695	24,897	20,760	11,835	12,041	9,535	14,678
Total general fund	\$ 32,926	\$ 33,966	\$ 33,127	\$ 30,824	\$ 29,031	\$ 24,808	\$ 15,704	\$ 15,663	\$ 12,970	\$ 17,772
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,210	4,045	3,600	4,876	7,205	4,215	3,855	2,270	6,266	3,160
Committed	13,943	11,692	19,780	21,075	27,311	27,271	63,120	16,116	22,926	38,444
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 21,153	\$ 15,737	\$ 23,380	\$ 25,951	\$ 34,516	\$ 31,486	\$ 66,975	\$ 18,386	\$ 29,192	\$ 41,604

Source: Governmental Funds - Balance Sheet

City of Jackson
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 70,026	\$ 69,887	\$ 68,253	\$ 67,772	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078	\$ 59,979
Licenses and permits	2,291	2,676	2,873	2,541	3,453	4,198	3,167	2,968	2,199	2,673
Intergovernmental	55,535	49,721	46,069	48,425	55,498	62,448	56,783	63,338	59,769	55,620
Charges for services	4,152	3,693	3,499	3,314	3,324	3,456	3,032	3,150	3,446	3,155
Fines	3,923	4,166	4,537	4,092	4,245	3,602	3,106	3,202	3,123	3,123
Investment earnings	145	395	342	186	616	3,020	5,252	1,865	1,042	964
Special assessments	2	6	8	1	19	-	14	14	17	26
Miscellaneous	18,423	16,560	15,923	14,707	13,526	13,331	13,374	15,950	17,307	13,621
Total revenues	154,497	147,104	141,504	141,038	149,996	152,757	148,334	150,708	145,981	139,161
Expenditures										
General government	30,718	29,269	30,977	30,506	38,847	63,330	45,471	28,359	30,352	30,396
Public safety	52,586	57,035	52,606	51,571	53,215	53,572	58,926	58,984	56,471	59,173
Planning and Development	-	3,833	-	-	-	-	-	-	-	-
Culture and recreation	13,753	8,349	13,370	8,078	12,299	12,835	13,177	16,550	13,686	9,496
Public Works	23,232	24,698	19,126	24,430	36,742	26,302	17,243	30,012	20,855	25,557
Employee Benefits	7,780	8,685	8,625	8,071	2,149	1,765	2,180	1,836	3,327	2,846
Capital Outlay	21,090	10,539	5,749	9,982	15,311	1,379	9,040	2,049	15,617	1,053
Debt service										
Principal	2,780	873	624	3,806	10,731	14,330	13,830	13,190	12,912	11,500
Interest	5,061	6,575	6,424	7,128	5,789	6,419	6,314	4,584	4,150	5,977
Other charges	-	-	-	-	-	-	-	-	334	-
Miscellaneous	-	-	-	-	504	556	705	760	504	962
Total expenditures	157,000	149,856	137,501	143,572	175,587	180,488	166,886	156,324	158,208	146,960
Excess of revenues over (under) expenditures	(2,503)	(2,752)	4,003	(2,534)	(25,591)	(27,731)	(18,552)	(5,616)	(12,227)	(7,799)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Other financing sources (uses)										
Transfer in	10,400	4,813	7,927	7,201	7,581	6,584	6,565	4,116	4,296	7,174
Transfer out	(26,745)	(16,442)	(18,159)	(15,006)	(15,474)	(15,012)	(14,354)	(13,443)	(12,212)	(13,453)
Proceeds from capital leases	12,144	3,098	172	-	-	-	1,119	47	1,846	4,839
Issuance of debt	11,098	402	9,041	3,488	12,070	2,208	186	6,783	750	-
Proceeds from refunding bonds	64,940	-	-	-	-	-	-	-	22,248	-
Proceeds from GO Bonds	-	-	-	-	-	5,155	66,117	-	-	-
Sale of capital assets	108	166	-	40	-	-	-	-	-	-
Issuance of refunding Bonds	(913)	-	-	23,665	26,210	267	-	-	(21,914)	-
Payments to refunded bond escrow agent	(69,891)	-	(33)	-	(359)	(124)	-	-	-	-
Payments to escrow agent	-	-	-	(25,089)	-	-	-	-	-	-
Premium on GO bond issue	5,738	-	-	1,463	430	-	-	-	-	-
Proceeds from Tax Increment Bonds	-	-	-	-	2,382	2,270	-	-	-	-
Total other financing sources (uses)	6,879	(7,963)	(1,052)	(4,238)	32,840	1,348	59,633	(2,497)	(4,986)	(1,440)
Net change in fund balances	\$ 4,376	\$ (10,715)	\$ 2,951	\$ (6,772)	\$ 7,249	\$ (26,383)	\$ 41,081	\$ (8,113)	\$ (17,213)	\$ (9,239)

Debt service as a percentage of noncapital expenditures

6.2% 5.6% 5.7% 8.9% 11.5% 12.6% 14.6% 13.0% 13.9% 13.6%

City of Jackson
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2013	70,026	32,034	1,590	26	270	103,946
2012	69,887	29,155	1,652	30	268	100,992
2011	68,253	30,798	1,823	28	268	101,170
2010	67,772	29,995	1,890	31	262	99,950
2009	69,315	32,301	1,572	31	274	103,493
2008	62,702	35,428	1,447	31	282	99,890
2007	63,606	35,838	1,442	31	304	101,221
2006	60,221	37,993	1,398	31	302	99,945
2005	59,079	35,673	1,406	31	267	96,456
2004	59,979	35,882	1,152	31	261	97,305

Source: Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance

City of Jackson
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (2)

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value		
2013 \$	805,068,802	6,271,511,887	396,924,146	1,871,856,147	1,201,992,948	8,143,368,034	56.54	10%,15%,and 30%
2012	810,977,848	6,317,262,297	413,249,466	1,993,670,330	1,224,227,314	8,310,932,627	56.63	10%,15%,and 30%
2011	809,368,529	6,323,192,313	396,605,625	1,897,105,793	1,205,974,154	8,220,298,106	56.63	10%,15%,and 30%
2010	798,026,041	6,252,141,950	400,770,321	1,887,134,230	1,198,796,362	8,139,276,180	56.72	10%,15%,and 30%
2009	790,601,910	6,190,265,033	423,164,849	1,988,646,047	1,213,766,759	8,178,911,080	56.72	10%,15%,and 30%
2008	658,357,211	5,139,019,840	452,411,093	2,076,697,273	1,110,768,304	7,215,717,113	56.75	10%,15%,and 30%
2007	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	56.75	10%,15%,and 30%
2006	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	54.75	10%,15%,and 30%
2005	646,330,913	5,049,924,236	450,491,882	2,058,904,287	1,096,822,795	7,108,828,523	54.75	10%,15%,and 30%
2004	647,107,272	5,064,263,293	449,595,540	2,056,352,200	1,096,702,812	7,120,615,493	54.75	10%,15%,and 30%
2003	645,275,896	5,058,517,697	450,036,558	2,047,883,870	1,095,312,454	7,106,401,567	54.75	10%,15%,and 30%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are fixed at ten percent (10%) of appraised value for homeowner occupied real property, and fifteen percent (15%) of appraised value for all other real and personal property for Fiscal Years 1987-1996. State law required a reappraisal of all property in Mississippi in order to obtain an equitable and uniform appraisal in proportion to current market value, and property was assessed at fifteen percent (15%) beginning in Fiscal Year 1985. The assessed value for motor vehicles and for property owned by public service corporations is determined by an assessment schedule prepared each year by the State of Mississippi Tax Commission, and is set at approximately thirty percent (30%) of appraised value for Fiscal Year 1989 and thereafter.

(2) Includes automotive valuation.

There was an error in reporting the fiscal year 2006 assessed and estimated taxable property. This error is corrected in fiscal year 2007.

SOURCE: Hinds, Rankin and Madison County Tax Collectors

CITY OF JACKSON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Jackson			Overlapping Rates					Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	County		School District			
				Debt Service & Operating County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2013	53.5	3.04	56.54	38.33	62.58	14.91	77.49	1.49	173.85
2012	53.43	3.20	56.63	38.33	62.66	12.33	74.99	1.40	171.35
2011	53.56	3.07	56.63	44.13	62.58	12.41	74.99	1.40	177.15
2010	50.09	6.63	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2008	52.28	4.47	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2007	47.23	9.52	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2006	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85
2005	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85
2004	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28	169.27

Source: Hinds County Tax Collectors, Jackson Public School District, and Jackson/Hinds Library System

City of Jackson
Principal Property Taxpayers
September 30, 2013
(amounts expressed in thousands)

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bell South	\$ 38,109	2	3.64%	\$ 76,029	1	7.92%
Entergy	116,866	1	11.17%	45,673	2	4.76%
Atmos Energy	13,415	6	1.28%	-	-	-
Midcontinent Express Pipeline LLC	27,304	3	2.61%	-	-	-
AT&T	9,804		0.94%	11,064	4	1.15%
Trustmark National Bank	-		-	5,393	7	0.56%
Parkway Properties	10,233		0.98%	6,088	6	0.63%
Central MS Health Systems	-		-	13,729	3	1.43%
Entergy Services Inc	13,419	5	1.28%	-	-	-
Wal-Mart/Sam's Wholesale Club	6,021	8	0.58%	5,180	8	0.54%
Metrocenter	-		-	3,919	9	0.41%
Jackson HMA Inc. LLC	5,957	9	0.57%			
Texas Eastern Transmission C	5,612	10	0.54%			
St. Dominics Hospital	-		-	3,823	10	0.40%
Gulf South Pipeline Company LP	25,768	4	2.46%	-	-	-
Illinois Central Railroad	7,778	7	0.74%	-	-	-
Mississippi Valley Gas Company	-		-	8,596	5	0.90%
Totals	<u>\$ 280,286</u>		<u>26.78%</u>	<u>\$ 179,494</u>		<u>18.69%</u>

Source: Hinds County

Hinds County does not calculate City of Jackson top ten tax payers separately.

City of Jackson
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 69,069	\$ 61,147	88.5	\$ 1106	\$ 62,253	90.1
2012	67,138	60,734	90.5	1533	62,267	92.7
2011	-	-	-	-	-	-
2010	61,942	59,321	95.8	972	60,293	97.3
2009	61,363	59,602	97.1	376	59,978	97.7
2008	55,175	53,501	97.0	212	53,713	97.4
2007	55,147	54,276	98.4	306	54,582	99.0
2006	52,019	50,928	97.9	996	51,924	99.8
2005	53,925	52,750	97.8	270	53,020	98.3
2004	51,710	50,606	97.9	301	50,907	98.4

The data was not available from Hinds County in 2011.

The total tax levy does not include automobile ad valorem taxes.

Beginning Fiscal Year 1988, the majority of school taxes collected were remitted directly to the Jackson Municipal Separate School District by Hinds County, the collecting agency.

City of Jackson

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Limited Obligation Bonds	State Revolving Loan MDA	Miss Development Bank Loan	Section 108 Loan	General Obligation Note	Capital Leases	Sewer Bonds	State Revolving Loan MDA	Capital Leases	State Revolving Loan (DEQ)		
2013	135,645	5,622	342	2,747	7,000	9200	18,167	239,265	2,727	4,137	15,653	7.34%	2,539
2012	131,290	6,102	383	3,040	7,000	402	17,058	154,430	-	3,069	12,578	5.59%	1,933
2011	131,720	6,541	430	3,335	7,000	-	18,073	148,325	-	2,758	13,799	5.54%	1,913
2010	131,720	4,231	462	2,650	7,000	-	13,520	148,920	-	4,704	15,428	5.26%	1,894
2009	134,610	4,522	497	2,847	7,000	-	13,053	155,830	-	5,722	16,997	5.59%	1,851
2008	112,535	2,270	534	737	-	-	13,027	161,345	-	1,716	18,508	4.98%	1,686
2007	115,500	210	568	622	-	-	14,013	167,670	-	2,272	19,005	5.46%	1,736
2006	58,715	405	602	668	-	-	16,009	173,700	-	1,379	18,125	4.69%	1,463
2005	66,525	820	632	740	-	-	12,601	179,250	-	1,417	19,361	5.30%	1,527
2004	73,195	1,205	664	-	-	-	14,105	115,995	-	2,550	20,550	4.30%	1,239

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 130 for personal income and population data

City of Jackson
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Assessed Value	General Obligation Note	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2013	\$ 1,053,718	9,200	\$ 135,465	\$ 5,149	\$ 139,516	13.24%	\$ 758.24
2012	1,046,591	402	131,290	2,331	129,361	12.36%	703.05
2011	1,034,756	-	131,720	1,832	129,888	12.55%	705.91
2010	1,022,263	-	131,720	2,577	129,143	12.63%	701.86
2009	1,027,088	-	134,610	2,471	132,139	12.87%	718.15
2008	921,948	-	112,535	2,257	110,278	11.96%	599.34
2007	920,291	-	115,500	2,521	112,979	12.28%	614.02
2006	908,925	-	58,715	1,529	57,186	6.29%	310.79
2005	918,235	-	66,525	1,785	64,740	7.05%	351.36
2004	903,200	-	73,195	1,293	71,902	7.96%	390.23

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual of Taxable Property on page 121 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 130.

City of Jackson
Direct and Overlapping Governmental Activities Debt
As of September 30, 2013
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hinds County	\$ 38,605	76.57%	\$ 29,560
Jackson Public Schools	145,850	100.00%	145,850
Subtotal, overlapping debt			<u>175,410</u>
City of Jackson direct debt	150,287	100.00%	150,287
Total direct and overlapping debt			<u>\$ 325,697</u>

Sources: Assessed value data used to estimate applicable percentages by City of Jackson, Hinds County, and Jackson Public Schools.

Note: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Jackson. This process recognizes that, when considering the City of Jackson ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is with the government's boundaries and dividing it by the county's total taxable assessed value.

City of Jackson
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$176,090	\$ 174,971	\$173,629	\$173,116	\$175,386	\$160,093	\$160,138	\$158,399	\$159,636	\$159,437
Total net debt applicable to limit	94,548	73,224	73,261	70,951	74,132	43,375	50,710	59,120	67,345	74,400
Legal debt margin	\$ 81,542	\$ 101,747	\$100,368	\$102,165	\$101,254	\$116,718	\$109,428	\$ 99,279	\$ 92,291	\$ 85,037

Total net debt applicable to the limit
as a percentage of the debt limit

Legal Debt margin Calculation for Fiscal Year 2013

Assessed value	\$ 1,234,682
Less Homestead Exemption	\$ (60,748)
Total assessed value	\$ 1,173,934
Debt limit (15% of total assessed value)	176,090
Debt application to limit:	
Bond indebtedness	320,807
Less: Amount set aside for repayment of revenue bond debt	(239,265)
Total net debt applicable to limit	\$ 81,542
Legal debt margin	\$ 94,548

Note: Under state finance law, the City of Jackson's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Jackson
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Sewer Revenue Bonds						Coverage
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Interest	
				Principal			
2013	44,186	33,337	10,849	\$ 9,380	\$ 6,680	0.68 ¹	
2012	48,171	33,366	14,805	6,780	4,961	1.26	
2011	47,578	32,755	14,823	4,870	6,876	1.26	
2010	41,974	26,128	15,846	6,085	7,284	1.19	
2009	41,440	27,837	13,603	6,910	7,617	0.94	
2008	47,468	29,410	18,058	6,910	7,617	1.24	
2007	44,180	22,830	21,350	6,325	8,212	1.47	
2006	45,495	23,985	21,510	6,030	8,510	1.48	
2005	41,166	22,387	18,779	6,030	8,510	1.29	
2004	40,012	23,394	16,618	5,550	8,939	1.15	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

¹ The City of Jackson increased water/sewer rates effective November 19, 2013. The sewer rate increase was 108% and the water rate increase was 29%. Applied fund balance was used for water/sewer shortfall for fiscal year 2013. An engineer consultant will conduct an analysis on the water/sewer system.

City of Jackson
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (3)	Median Age (4)	Education Level in Years of Formal Schooling (2)	School Enrollment (2)	Unemployment Rate (3)
2013	173,514	5,801,267	33,434	31.5	12	30,000	6.7%
2012	173,514	5,997,858	34,567	31.0	12	30,000	7.3%
2011	173,514	5,995,776	34,555	32.0	12	30,600	8.4%
2010	173,514	6,247,025	36,003	31.0	12	30,600	7.8%
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%
2008	184,256	6,238,540	33,858	31.0	12.3	31,000	6.5%
2007	184,256	5,860,815	31,808	31.9	12.3	31,000	5.0%
2006	184,256	5,744,549	31,177	31.9	12.3	32,403	4.4%
2005	184,256	5,308,231	28,809	31.0	12.3	32,000	8.3%
2004	184,256	5,308,231	28,809	34.3	12.3	31,580	4.5%

Data Sources

- (1) Mississippi Census Bureau
- (2) Jackson Public Schools Estimate
- (3) Bureau of Labor Statistics
- (4) U S Census Bureau

City of Jackson
Principal Employers
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	31,556	1	17.13%			
University of Mississippi	8,000	2	4.34%			
U.S. Government	5,500	3	2.98%			
Jackson Public School District	4,814	4	2.61%			
Baptist Health Systems	2,875	5	1.56%			
St. Dominic Health Services	2,600	6	1.41%			
City of Jackson, Mississippi	2,323	7	1.26%			
Jackson State University	1,667	8	0.90%			
AT&T	1,300	9	0.71%			
Central MS Medical Center	1,200	10	0.65%			
	<u>61,835</u>		<u>33.56%</u>			

Source: MetroJackson Chamber of Commerce 2013

Note: Data for 2001 is currently not available.

City of Jackson
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees by Function									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government	302	290	315	307	310	325	330	377	392.5	389.5
Public safety										
Police										
Officers	455	499	479	465	-	500	425	468	490	490
Civilians	267	272	261	270	-	299	291	174	284	284
Fire										
Firefighters and officers	316	337	357	342	354	362	351	356	353	631
Civilians	17	11	11	10	11	11	7	8	12	11
Public works	461	484	482	449	466	606	552	625	645	606
Culture and Recreation	318	238	303	370	319	218	381	424	436.5	452.5
Total	2136	2131	2208	2213	1460	2321	2337	2432	2613	2864

Source: City of Jackson Information System Department.

(1) The dashes indicate data that is not available.

City of Jackson
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2004	2004
Police										
Parking violations	12,281	17,190	18,101	13,777	11,076	13,223	14,832	20,490	24,970	24,970
Traffic violations	52,425	60,598	57,815	56,587	47,146	38,429	25,314	30,061	47,324	47,324
Fire										
Number of calls answered	11,825	9,403	-	-	11,577	7,644	7,342	12,259	12,602	12,602
Inspections (3)	4,500	4,635	3,590	3,701	4,510	3,241	4,500	4,086	3,727	3,727
Highways and streets										
Street resurfacing (miles)	4.2	10.6	-	-	68.3	8.3	5.6	7.1	9.5	9.5
Potholes repaired (2) (4)	37,565	29,871	38,776	51,431	3,619	4,154	3,626	4,011	5,724	5,724
Sanitation										
Refuse collected (tons/day)	5,301	7,904	4,523	5,718	5,058	5,848	2,398.4	1,447.8	3,612.3	3,612.3
Recyclables collected (tons/day)(1)	91.35	89.84	76.89	81.72	80.16	109.88	90.77	99.68	-	-
Culture and recreation										
Community center admissions (3)	89	118	53	68	90	34	101	95	168	168
Water										
New connections	-	212	-	198	670	334	530	602	501	501
Average daily consumption (thousands of gallons) (3)	-	-	-	24,024	-	21,080	21,530	20,630	21,250	21,250
Wastewater										
Average daily sewage treatment (thousands of gallons)	-	-	-	46,650	47,170	44,650	42,100	47,200	52,400	52,400

Source: Various City of Jackson departments.

(1) The City of Jackson Sanitation Division implemented their recycling program in March 2005.

(2) The City of Jackson Streets Division implemented a new system of reporting potholes. Therefore data for fiscal years 1999-2002 is not available.

(3) The dashes indicate data that is not available.

(4) Prior years has been recorded as the number of pothole calls not the number of potholes repaired.

City of Jackson
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public safety										
Police stations	6	6	6	6	6	5	5	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,201	1,204	1,300	1,447	1,431	1,428	1,428	1,428	1,428	1,428
Traffic signals intersection	358	358	358	334	334	333	333	332	332	332
Culture and recreation										
Parks	54	54	54	54	54	54	54	54	54	54
Swimming pools	9	9	9	9	9	9	9	9	9	9
Tennis courts	61	61	61	61	61	61	61	61	61	61
Community centers	10	10	10	10	10	10	10	10	10	10
Water										
Water mains (miles)	-	-	-	1,220	1,220	1,220	1,220	1,220	1,220	1,220
Fire hydrants	-	-	-	7,500	7,500	7,500	7,500	7,500	-	-
Maximum daily capacity (thousands of gallons)	-	-	-	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000
Sewer										
Sanitary sewers (miles)	-	-	-	911	911	911	911	909	909	909
Storms sewers (miles)	-	-	-	460	460	460	460	460	460	460

Source: Various City of Jackson departments.

(1) The dashes indicate data that is not available.

SINGLE AUDIT



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Tony Yarber
and Honorable Members of the City Council
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated April 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jackson, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Jackson, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson, Mississippi's internal control over.

Our consideration of internal control over was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in 2013-1, 2013-2 and 2013-4 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in 2013-3 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jackson, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Jackson, Mississippi's Response to Findings

City of Jackson, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jackson, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bank, Finley, White & Co.
Ridgeland, Mississippi
April 30, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	\$ 298,907
SUBTOTAL CFDA NUMBER 10.558			<u>298,907</u>
<u>Child Nutrition Cluster:</u>			
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	43,205
SUBTOTAL CFDA NUMBER 10.559			<u>43,205</u>
TOTAL Child Nutrition Cluster			<u>43,205</u>
(Central Mississippi Planning and Development District - Pass Through)			
Commodity Supplemental Food Program	10.565	378-N-25	25,681
Commodity Supplemental Food Program	10.565	396-G-25	32,475
SUBTOTAL CFDA NUMBER 10.565			<u>58,156</u>
(Natural Resource Conservation Service - Pass Through)			
Emergency Watershed Protection Program	10.923	68-4423-12-2342	93,363
SUBTOTAL CFDA NUMBER 10.923			<u>93,363</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>493,631</u>
<u>U.S. Department of Housing and Urban Development</u>			
<u>CDBG Entitlement Grants Cluster:</u>			
Community Development Block Grant - Neighborhood Stabilization Program	14.218	B-08-MN-28-0001	743,598
Community Development Block Grant	14.218	B-10-MC-28-0003	691,445
Community Development Block Grant	14.218	B-11-MC-28-0003	719,535
SUBTOTAL CFDA NUMBER 14.218			<u>2,154,578</u>
TOTAL CDBG Entitlement Grants Cluster			<u>2,154,578</u>
Emergency Solution Grants Program	14.231	E-11-MC-28-0002	61,635
Emergency Solution Grants Program	14.231	E-12-MC-28-0002	185,651
SUBTOTAL CFDA NUMBER 14.231			<u>247,286</u>
HOME Investment Partnership Program	14.239	M-06-MC-28-0200	44,389
HOME Investment Partnership Program	14.239	M-07-MC-28-0200	238,164
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	689,593
HOME Investment Partnership Program	14.239	M-09-MC-28-0200	113,896
HOME Investment Partnership Program	14.239	M-12-MC-28-0200	19,400
SUBTOTAL CFDA NUMBER 14.239			<u>1,105,442</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H11-F001	192,213
SUBTOTAL CFDA NUMBER 14.241			<u>192,213</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0133	148,736
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0134	3,600
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-10-SP-MS-0108	740,852
SUBTOTAL CFDA NUMBER 14.251			<u>893,188</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>4,592,707</u>

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Justice</u>			
<u>JAG Program Cluster:</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011DJBX3320	7,756
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012DJBX1095	72,727
SUBTOTAL CFDA NUMBER 16.738			80,483
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.804	2009SBB93222	72,816
SUBTOTAL CFDA NUMBER 16.804			72,816
TOTAL JAG Program Cluster			153,299
Second Chance Act Prisoner Reentry Initiative	16.812	2011-CZ-BX-0041	22,080
SUBTOTAL CFDA NUMBER 16.804			22,080
Public Safety Partnership & Community Policing Grant	16.710	2009CKWX0603	17,014
Public Safety Partnership & Community Policing Grant	16.710	2011ULWX0021	881,810
SUBTOTAL CFDA NUMBER 16.710			898,824
Developing, Testing And Demonstrating New Programs	16.541	2009-JL-FX-0009	55,111
SUBTOTAL CFDA NUMBER 16.541			55,111
TOTAL U.S. DEPARTMENT OF JUSTICE			1,129,314
<u>U.S. Department of Labor</u>			
Older Americans Act			
Senior Community Service Employment Program (Title V)	17.235	AD-24194-13-55-A-24	123,221
Senior Community Service Employment Program (Title V)	17.235	AD-23234-12-55-A-24	401,225
SUBTOTAL CFDA NUMBER 17.235			524,446
TOTAL U.S. DEPARTMENT OF LABOR			524,446
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
<u>Federal Transit Cluster:</u>			
Direct Programs:			
Federal Transit Formula Grants	20.507	MS-90-X0-72	831,635
Federal Transit Formula Grants	20.507	MS-90-X0-81	556,508
Federal Transit Formula Grants	20.507	MS-90-X0-88	1,306,984
SUBTOTAL CFDA NUMBER 20.507			2,695,127
Federal Transit Capital Investment Grants	20.500	MS-04-00-03	459,240
Federal Transit Capital Investment Grants	20.500	MS-96-X0-03	987,035
SUBTOTAL CFDA NUMBER 20.500			1,446,275
TOTAL Federal Transit Cluster			4,141,402
<u>Highway Planning & Construction Cluster:</u>			
(Mississippi Department of Transportation-Pass Through)			
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-7300-00(001) 104587/811000	81,079
Highway Planning and Construction (Fortification Street Improvements)	20.205	STP-7285-00(002) 105325/801000	5,237,943
Highway Planning and Construction (Capitol Street Improvements)	20.205	STP-xxxx-00(002) 106058/801000	351,242
Highway Planning and Construction (Safe Routes)	20.205	DHP-7305-00(005) 105967	520
Highway Planning and Construction (ITS-3 Railroad Grade Crossing Project)	20.205	ITS-0250-00(020)LPA 103901/701000	180,610
Highway Planning and Construction (ITS-3 Railroad Grade Crossing Project)	20.205	TCP-0250	74,617

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
(Mississippi Department of Transportation-Pass Through)			
Urban Youth Corps Grant	20.205	STP-9999-09(023) 106638-310000	34,714
SUBTOTAL CFDA NUMBER 20.205			5,960,725
TOTAL Highway Planning and Construction Cluster			5,960,725
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			10,102,127
<u>U.S. Institute of Museum and Library Services</u>			
Direct Programs:			
Congressional Set-Aside; Museums	45.312	CM-00-05-0012-05	113,827
SUBTOTAL CFDA NUMBER 45.312			113,827
TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			113,827
<u>U.S. Department of Environmental Quality</u>			
(Mississippi Department of Environmental Quality-Pass Through)			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280886-02-0	2,569,355
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280838-02-0	2,263,974
SUBTOTAL CFDA NUMBER 66.458			4,833,329
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL QUALITY			4,833,329
<u>U.S. Department of Energy</u>			
Direct Programs:			
Energy Efficiency and Conservation Block Grant Program (ARRA)	81.128	DE-SC0003032	7,841
SUBTOTAL CFDA NUMBER 81.128			7,841
TOTAL U.S. DEPARTMENT OF ENERGY			7,841
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Metro Medical Response System	93.000	233-01-0043	8,862
SUBTOTAL CFDA NUMBER 93.000			8,862
<u>Aging Cluster:</u>			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Central MS Planning and Development District - Pass Through)			
Title III-B Outreach	93.044	377-N-25	10,000
SUBTOTAL CFDA NUMBER 93.044			10,000
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)			
Congregate Nutrition Program (Non-cash)	93.045	378-N-25	92,745
SUBTOTAL CFDA NUMBER 93.045			92,745
TOTAL Aging Cluster			102,745
<u>CCDF Cluster:</u>			
(State of MS Office of Child Nutrition - Pass Through)			
Child Care Development Block Grant	93.575	625Q631A	824,241
Child Care Development Block Grant	93.575	625Q621A	108,375
SUBTOTAL CFDA NUMBER 93.575			932,616
TOTAL CCDF Cluster			932,616

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)			
Transportation	93.667	396-G-25	128,202
Home Delivered Meals (Non-cash)	93.667	396-G-25	132,354
SUBTOTAL CFDA NUMBER 93.667			<u>260,556</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,304,779</u>
<u>Corporation for National and Community Service</u>			
Mississippi Commission for Volunteer Service - Pass Through			
AMERICORPS	94.006	13AC152478	10,207
AMERICORPS	94.006	12AC109584	242,472
SUBTOTAL CFDA NUMBER 94.006			<u>252,679</u>
TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE			<u>252,679</u>
<u>U.S. Office of National Drug Control Policy</u>			
(MS Gulf Coast HIDTA - Pass Through)			
High Intensity Drug Trafficking Area (HIDTA)	95.001	G12GC0003A	5,160
SUBTOTAL CFDA NUMBER 95.001			<u>5,160</u>
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			<u>5,160</u>
<u>U.S. Department of Homeland Security</u>			
Federal Emergency Management Agency			
Assistance to Firefighters Grant	97.044	EMW-2011-FO-02991	57,610
SUBTOTAL CFDA NUMBER 97.044			<u>57,610</u>
Mississippi Emergency Management Agency (Pass-Through)			
Homeland Security Grant Program	97.067	10MM221	19,029
Homeland Security Grant Program	97.067	S11HS221T	9,590
Homeland Security Grant Program	97.067	11HS221T	887
Homeland Security Grant Program	97.067	11LE221	38,187
Homeland Security Grant Program	97.067	12LE221	5,619
SUBTOTAL CFDA NUMBER 97.067			<u>73,312</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>73,312</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 23,490,762</u>

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jackson and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE 2 - CONTINGENCY

The City has responsibility for expending grant funds in accordance with specific instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the City.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources. Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 3 - SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the City of Jackson provided federal awards to sub recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub-recipients</u>
Home Investment Partnership Program	14.239	\$1,054,828
Community Development Block Grant – Entitlement Grants	14.218	182,144
Housing Opportunities for Persons With Aids	14.241	177,428
Emergency Solutions Grant	14.231	<u>42,984</u>
Total		<u>\$ 1,457,384</u>

NOTE 4 – LOAN AND LOAN GUARANTEES

In accordance with OMB Circular A-133, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor Tony Yarber
and Honorable Members of The City Council
Jackson, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Jackson, Mississippi's major federal programs for the year ended September 30, 2013. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Jackson, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jackson, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Jackson, Mississippi's compliance.

Basis for Qualified Opinion on CFDA#14.218 and 14.239, Community Development Block Grant and Home Investment Partnership Program

As described in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi, did not comply with requirements regarding sub-recipient monitoring that is applicable to its Community Development Block Grant and Home Investment Partnership Program. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

Qualified Opinion on Community Development Block Grant and Home Investment Partnership Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, City of Jackson, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, City of Jackson, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-6. Our opinion on each major federal program is not modified with respect to this matter.

City of Jackson, Mississippi's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jackson, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Jackson, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Jackson, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jackson, Mississippi's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-5 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-6 to be a significant deficiency.

City of Jackson, Mississippi's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jackson, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Banks, Finley, White & Co.

Ridgeland, Mississippi
April 30, 2014

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013 .

Section 1: Summary of Auditor's Results

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued on the basic financial statements. | Unmodified |
| 2. | Material noncompliance relating to the financial statements. | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |

Federal Awards:

- | | | |
|----|--|-----|
| 4. | Type of auditor's report issued on compliance with major federal programs: | |
| | Unmodified for all major programs except for Home Investment Partnership Program and Community Development Block Grant | |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | Community Development Block Grant Entitlement Grants Cluster: | |
| | CFDA #14.218 - U. S. Department of Housing and Urban Development
Community Development Block Grant | |
| | CFDA #14.218 - U. S. Department of Housing and Urban Development
Community Development Block Grant – Neighborhood Stabilization Program | |
| | Home Investment Partnership Program: | |
| | CFDA #14.239 - U. S. Department of Housing and Urban Development | |
| | Housing Opportunities for Persons with AIDS: | |
| | CFDA #14.241 - U. S. Department of Housing and Urban Development | |

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Federal programs identified as major programs: (continued)

Economic Development Initiative-Special Project, Neighborhood Initiative and Misc. Grants:

CFDA #14.251 – U. S. Department of Housing and Urban Development

Public Safety Partnership & Community Policing Grant

CFDA #16.710 - U. S. Department of Justice

Federal Transit Cluster:

CFDA #20.500 - U.S. Department of Transportation
Federal Transit Capital Investment Grants

CFDA #20.507 - U.S. Department of Transportation
Federal Transit Formula Grants

Highway Planning & Construction Cluster:

CFDA #20.205 - U. S. Department of Transportation
Highway Planning and Construction

Capitalization Grants for Clean Water – State Revolving Funds:

CFDA #66.458 – U. S. Department of Environmental Quality

8. The dollar threshold used to distinguish between type A and type B programs: \$704,723
9. The City of Jackson did not qualify as a low-risk auditee.

Section 2: Findings Relating to the Financial Statements Audit

PAYROLL CHANGES IN PERSONNEL FILES

Finding 2013-1

Finding Type: Material Weakness

Repeat Finding

Statement of Condition

Our audit testing of payroll transactions revealed that in 12 out of 40 personnel files tested, adequate documentation was not available in the personnel file to support the current pay rate of some employees.

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Cause of Condition

Failure to follow established procedures for personnel pay rate changes.

Effect of Condition

The employee's current salary pay rate could not be verified with supporting documentation in the personnel file.

Criteria

The requirements of the City of Jackson Department of Personnel and Management's Employee Handbook Section 7.1.1 – states "The Department of Personnel Management shall maintain records showing administrative actions including records of employment history of each employee, performance evaluation records and related files and correspondence. In addition, the Department of Personnel Management shall prepare, maintain and preserve records on the wages, hours and other conditions and practices of employment of all City employees."

Auditor's Recommendation

The City should strengthen internal administrative controls to ensure that the personnel department updates all changes in an employee's wages and documents these changes in the employee's personnel file so that, at any point in time, the employee's current salary can be verified.

TIMELY REQUESTS FOR GRANT REIMBURSEMENTS – PUBLIC WORKS DEPARTMENT

2013-2

Finding Type: Material Weakness

Statement of Condition

During our audit, we noted that there are no formal procedures within the City's Public Works Department for preparing requests for reimbursement of grant funds for grant expenditures. This practice has contributed to preparing requests for funds months after costs have been incurred and, in some cases, after the end of the City's fiscal year.

Cause of Condition

There are no formal procedures within the Public Works Department in place for preparing requests for reimbursement of grant funds.

Effect of Condition

The recording of grant revenue is delayed and grants receivables are not accurately in the accounting records. Additionally, the City's general fund resources are being used to fund the grant projects.

Criteria

The City is responsible for establishing and maintaining effective internal control over financial reporting.

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Auditor's Recommendation

We strongly recommend that the City implement internal control procedures within the Public Works Department that require requests for grant reimbursements to be made in a systematic and timely manner. The timely filing of reimbursement requests minimizes the period that the City's General funds are used and improves cash management of grant funds and the City's available cash resources.

GRANT ACCOUNTANT NEEDED FOR THE PUBLIC WORKS DEPARTMENT

2013-3

Finding Type: Significant Deficiency

Statement of Condition

The City does not have a Grants Accountant for the Public Works Department

Cause of Condition

Improper administration of grants within the Public Works Department

Effect of Condition

Requests for reimbursement of grant expenditures were not filed in a systematic or timely manner

Criteria

The City of Jackson's External Funding Policies and Procedures Manual states that "All financial reports, including reimbursement requests and federal financial reports are to be prepared by the department of administration's grant accountants."

Auditor's Recommendation

We strongly recommend that the City provide a Grant Accountant for the grants administered by the Public Works Department. That person should be included within the Finance Department as stated in the City of Jackson's External Funding Policies and Procedures Manual. These changes will help with proper oversight and to ensure that reimbursement requests and financial reports are prepared and submitted in a systematic and timely manner.

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

NON-COMPLIANCE WITH REVENUE BOND COVENANTS

2013-4

Finding Type: Material Weakness

Statement of Condition

Pursuant to revenue bond and related agreements, the City has certain covenants that provide for rates to be set at levels annually to maintain certain debt service coverage ratios. In addition, rates must be set at levels to provide for the payment of current expenses and to provide deposits to meet certain trust fund requirements associated with the bond agreements. The City is not in compliance with the debt covenants above.

Cause of Condition

The City did not have adequate monitoring of revenues, expenditures and future debt service requirements to ensure bond covenant compliance in light of changes in operations in the current year.

Effect of Condition

Noncompliance with revenue bond covenants

Criteria

Article VI of the July 2011 revised Revenue Bond debt covenants states that "If the water system net revenues in any fiscal year, as shown by the Municipality's audit, are less than 120% of the annual debt service requirement for such fiscal year or 100% of the sum of (a) the annual debt service requirement on the bonds and all subordinate indebtedness in such fiscal year, (b) the amounts required to be paid during such fiscal year into any debt service reserve fund and the contingent fund, and (c) the amount of all other charges and liens whatsoever payable out of Revenues during such Fiscal Year, not otherwise provided for in this subsection then the Municipality shall, as promptly as possible, request an Independent Consulting Engineer to make recommendations as to a revision of such rates, fees and charges or methods of operating the System which will result in producing the required amount in the following Fiscal Year."

Auditor's Recommendation

The City should strengthen internal administrative controls to ensure compliance with adopted procedures and to ensure compliance with the revenue bond covenants.

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Section 3: Major Federal Awards Program Findings and Questioned Costs

Finding 2013-5 – SUB RECIPIENT MONITORING

Finding Type: Material Weakness

Grant Program/CFDA#: Home Investment Partnership Program(HOME)/ 14.239

Grant Program/CFDA#: Community Development Block Grant – Neighborhood Stabilization Program(NSP)/14.218

Statement of Condition

The City of Jackson is required to monitor the performance of HOME and NSP sub recipients against goals and performance standards. During our audit we noted that the City of Jackson did not perform monitoring reviews of HOME and NSP sub-recipients during FY 2013.

Cause of Condition

Lack of compliance with established policies and procedures and understaffing within the department

Effect of Condition

No monitoring reviews of HOME and NSP sub-recipients were conducted.

Criteria

The City of Jackson's External Funding Policies and Procedures Manual states that "The City of Jackson departments are required to monitor activities of their sub-grantees. A department must monitor each project, program, sub-grant or activity supported by a federal award to assure compliance with applicable federal, state and city regulations and those performance goals are achieved."

Auditor's Recommendation

The City should adhere to their adopted procedures and provide the appropriate staff within the Development Assistance Department administering the HOME and NSP grants to ensure that the monitoring of sub-recipient occurs and that it is within the prescribed time period.

Finding 2013-6 – REPORTING

Finding Type: Significant Deficiency

Grant Program/CFDA#: Economic Development Initiative Grant(EDI)/14.251

Statement of Condition

During our review of Progress and Performance Reporting, we noted that the EDI program did not submit the required semi-annual Program Progress Reports during the year.

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Cause of Condition

Noncompliance with the EDI Program Grant Agreement reporting requirements

Effect of Condition

Semi-annual Program Progress Reports were not completed and submitted

Criteria

The EDI Grant agreement states that "The Grantee shall submit to the Grant Officer a performance report every six months after the effective date of the Grant Agreement. Performance reports shall consist of (1) a narrative of work accomplished during the reporting period and (2) a completed Federal Financial Report-SF-425."

Auditor's Recommendation

We strongly recommend that the City strengthen internal administrative control procedures to ensure that the required reports are completed and submitted in a timely manner.

**CITY OF JACKSON, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2013**

2012-1 FINDING NO. 1 – SECTION 2

Condition: Our audit testing of payroll transactions revealed that adequate documentation was not available to support the employees' current pay rate.

Current Status: Not Corrected, repeated as finding 2013-1

2012-2 FINDING NO. 2 – SECTION 3

Condition: The City of Jackson is required to monitor the performance of HOME sub recipients against goals and performance standards and sub recipients are required to submit to the City a copy of their annual audit(s) within 180 days after their fiscal year end (if required).

In our review of sub recipient monitoring reports and audit reports, the City could not provide us 3 out of 4 monitoring reports and 4 audit reports.

Current Status: Not Corrected, repeated as finding 2013-5

2012-3 FINDING NO. 3 – SECTION 3

Condition: CDBG - Eubank Creek Drainage Project

The City did not comply with the Davis-Bacon Act requirement that certified payroll reports be submitted on a weekly basis by contractors and/or subcontractors working on federal financed construction contracts in excess of \$2,000.

Current Status: Corrected

2012-4 FINDING NO. 4 – SECTION 3

Community Development Block Grant

Condition: During our review of Performance Reporting, we noted that the City did not submit 2 out of 4 reports in a timely manner.

Current Status: Corrected

**CITY OF JACKSON, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
YEAR ENDED SEPTEMBER 30, 2013**

2012-5 FINDING NO. 5 – SECTION 3

Public Safety Partnership Grant

Condition: The City did not provide the COPS Annual Progress Report to the Department of Justice in a timely manner.

Current Status: Corrected

2012-6 FINDING NO. 6 – SECTION 3

Community Development Block Grant & Housing Opportunities For Persons With Aids

Condition: During our review of the Sub award Reporting under the Transparency Act, we noted that the City had not reported the required sub recipient/subcontractor information in the Funding Accountability and Transparency Sub award Reporting System (FSRS).

Current Status: Corrected



CORRECTIVE ACTION PLAN

04/30/14

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2013.

Name and address of independent public accounting firm: Banks, Finley, White & Company
308 Highland Park Cove, Ridgeland, MS 39157

Audit period: Year Ended September 30, 2013

The findings from the September 30, 2013 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule, Section 1 of the schedule, Summary of Audit Results, does not include findings and is not addressed.

2. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding No. 2013-1 – PAYROLL CHANGES IN PERSONNEL FILES

Recommendation: The City should strengthen internal administrative controls to ensure that the Personnel Department updates all changes in an employee's wages and documents these changes in the employee's personnel file so that, at any point in time, the employee's current salary can be verified.

Corrective Action: The Personnel Department will strengthen its administrative internal control to ensure that all changes in the employee's wages and documents are included in each employee's personnel file. This will be done by a systematic audit of each file to ensure that all appropriate documentation is included in each individual employee file.

Finding No. 2013-2 – TIMELY REQUESTS FOR GRANT REIMBURSEMENTS – PUBLIC WORKS DEPARTMENT

Recommendation: We strongly recommend that the City implement internal control procedures within the Public Works Department that require requests for grant reimbursements to be made in a systematic and timely manner. The timely filing of reimbursement requests minimizes the period that the City's General funds are used and improves cash management of grant funds and the City's available cash resources.

Corrective Action: The City will implement internal control procedures within the Public Works Department to conduct quarterly grant status meetings to determine the program and financial status of each grant in order to ensure timely request for reimbursements and other reporting requirements.

Finding No. 2013-3 -- NONCOMPLIANCE WITH REVENUE BOND COVENANTS

Recommendation: The City should strengthen internal administrative controls to ensure compliance with adopted procedures and to ensure compliance with the revenue bond covenants.

Corrective Action: The City raised Water and Sewer rates effective November 19, 2013. It is anticipated that with the rate increase, the annual debt service requirement will be met. However, an independent consulting engineer will be contracted to make recommendations as to further revision of rates, fees, and charges.

Finding No. 2013-4 -- GRANT ACCOUNTANT NEEDED FOR THE PUBLIC WORKS DEPARTMENT

Recommendation: We strongly recommend that the City provide a Grant Accountant for the grants administered by the Public Works Department. That person should be included within the Finance Department as stated in the City of Jackson's External Funding Policies and Procedures Manual. These changes will help with proper oversight and to ensure that reimbursement requests and financial reports are prepared and submitted in a systematic and timely manner.

Corrective Action: The Public Works Department will work with the Department of Administration to secure funding to hire a Grant Accountant for the grants administered by the Public Works Department. As per the City's External Funding Policies and Procedures, this Grant Accountant will be included in the Finance Department. This will ensure proper oversight and timely reimbursement requests and financial reports submitted in a timely and systematic manner.

3. FINDINGS -- MAJOR FEDERAL AWARDS PROGRAM FINDINGS AND QUESTIONED COSTS

Finding No. 2013-5 -- SUB RECIPIENT MONITORING

Grant Program/CFDA#: Home Investment Partnership Program (HOME) / 14.239
Grant Program/CFDA#: Community Development Block Grant -- Neighborhood
Stabilization Program (NSP) / 14.218

Recommendation: The City should adhere to their adopted procedures and provide the appropriate staff within the Development Assistance Department administering the HOME and NSP grants to ensure that the monitoring of sub-recipient occurs and that it is within the prescribed time period.

Corrective Action: The Office of Housing and Community Development has implemented a process to ensure that the monitoring requirements as stipulated in the External Funding Policies and Procedures are followed by on site monitoring or desk monitoring depending on risk assessment based on pay requests and monthly status reports.

Finding No. 2013-6 -- REPORTING

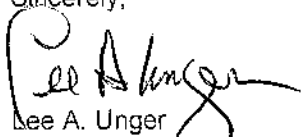
Grant Program/CFDA#: Economic Development Initiative Grant (EDI) / 14.251

Recommendation: We strongly recommend that the City strengthen internal administrative control procedures to ensure that the required reports are completed and submitted in a timely manner.

Corrective Action: The City will strengthen its administrative procedure and tracking system to ensure that the program manager, along with the newly hired grant accountant, submits the required program and financial reports as per the grant guideline.

If you have any questions or further concerns regarding the corrective actions, please contact me at (601) 960-1005.

Sincerely,



Lee A. Unger
Director of Administration



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

To the Honorable Mayor Tony Yarber and
Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2013, and have issued our report thereon dated April 30, 2014. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our audit of the financial statements disclosed no instances of non-compliance with state laws and regulations.

This report is intended solely for the information of the Mayor, City Council, management others within the organization, Office of the State Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

Ridgeland, Mississippi
April 30, 2014

SUPPLEMENTAL DATA

CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
SEPTEMBER 30, 2013

1) Company: Porter's Insurance Agency

Limits of liability: Honesty Blanket
Position Bond Coverage

Position	Coverage per each	Term of bond
All employees except City Council (7) Mayor, City Administrative Officer, Director of Administration, Chief of Police, Deputy Chief of Police, City Clerk, Deputy Clerk (10)	\$100,000	03/28/11 - Indefinite

2) Company: Statewide General Insurance

Limits of liability: Surety Bond coverage as follows:

Position	Coverage per each	Term of bond
City Council (7)	\$100,000	07/01/13 - 07/01/14 07/04/13 - 07/04/14
Mayor	\$100,000	07/01/13 - 07/01/14
City Administrative Officer	\$50,000	08/02/13 - 08/02/14
City Clerk	\$50,000	04/15/13 - 04/15/14
Director of Administration	\$50,000	05/01/13 - 05/01/14
Chief of Police	\$50,000	07/01/13 - 07/01/14
Assistant Police Chief	\$50,000	07/20/13 - 07/20/14
Deputy Chief of Police	\$50,000	02/24/13 - 01/08/14
Assistant City Clerk	\$50,000	05/10/13 - 05/10/14
Deputy Clerk (10)	\$50,000	01/11/13 - 09/04/14

Front Cover Photo by
Jay D. Johnson, JPD

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